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NOBILITY HOMES, INC

About the Company

At Nobility Homes, Inc. we design, manufacture and sell a broad line of manufactured homes through a network of our own retail sales centers throughout Florida. We pride ourselves on providing well-designed and affordably-built homes that are comfortable, pleasantly decorated, energy efficient and engineered for years of carefree living. The Company has manufacturing plants in Ocala and Belleview, Florida and the corporate headquarters are located in Ocala, Florida.

We also sell our homes on a wholesale basis to approximately 40 manufactured home communities. The high visibility of our models in such communities generates additional sales of our homes.

Our homes are available in approximately 100 active models sold under the trade names "Kingswood," "Springwood," "Springwood Special," "Tropic Isle Special," "Regency Manor Special," and "Special Edition." Our homes range in size from 700 to 2,650 square feet and contain from one to five bedrooms and approximately 99% of our home sales are multi-section homes.

The manufactured home industry is highly competitive. Based on number of units sold, we rank 6th in the state of Florida out of the top 45 manufacturers selling manufactured homes in the state. We estimate that of those 45 manufacturers approximately 15 manufacture homes of the same type as Nobility and compete in the same market area.

Prestige Home Centers and Majestic Homes are our Company owned retail sales centers which operate 18 retail sales centers in north and central Florida: Ocala (three), St. Augustine, Chiefland, Tallahassee, Tampa, Lake City,

Auburndale, Inverness, Hudson, Tavares, Jacksonville, Yulee, Fort Walton, Pace, Panama City and Punta Gorda. Prestige executive offices are located at our corporate headquarters in Ocala, Florida. Each of Prestige's retail sales centers is located within 350 miles of one of our two manufacturing facilities.

Prestige's wholly-owned subsidiary, Mountain Financial, Inc., is an independent insurance agent, licensed mortgage lender and mortgage broker. Mountain Financial provides construction loans, mortgage brokerage services, automobile, extended warranty coverage and property and casualty insurance to Prestige customers in connection with their purchase and financing of manufactured homes.

Nobility's joint venture and finance revenue sharing agreement with 21st Mortgage Corporation and subsidiaries provides mortgage financing to retail customers who purchase manufactured homes at Prestige retail sales centers. These agreements, which originate and service loans, have given Prestige more control over the financing aspect of the retail home sales process and allowed it to offer better products and services to its retail customers.

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MAR 28 2008

Financial Highlights

For the years ended November 3, 2007, November 4, 2006 and November 5, 2005

Washington, DC
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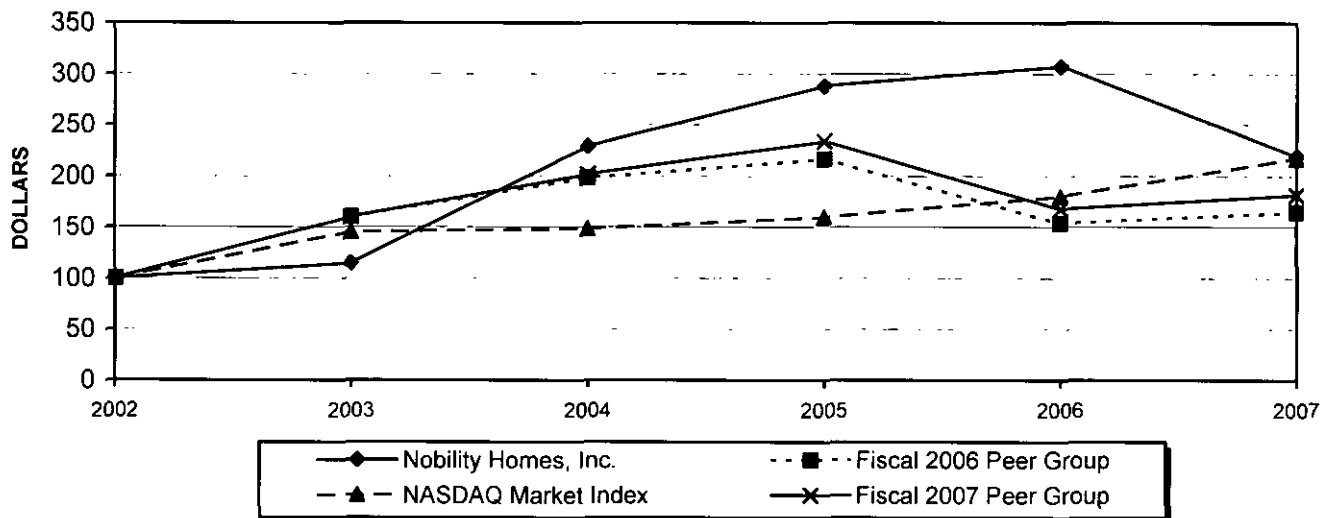
RESULTS FOR THE YEAR

	2007	2006	2005
Net sales	\$ 40,622,897	\$ 59,957,571	\$ 56,710,925
Net income	\$ 4,081,660	\$ 6,470,405	\$ 6,172,217
Earnings per share – diluted	\$ 1.00	\$ 1.59	\$ 1.49
Average shares outstanding – diluted	4,094,001	4,069,470	4,134,923

FINANCIAL POSITION AT END OF YEAR

	2007	2006	2005
Cash and cash equivalents	\$ 13,696,990	\$ 12,380,874	\$ 14,368,183
Short-term investments	\$ 544,271	\$ 440,205	\$ 414,526
Long-term investments	\$ 10,666,321	\$ 11,704,612	\$ 11,833,065
Working capital	\$ 25,144,323	\$ 22,043,781	\$ 17,555,635
Current ratio	8.1:1	5.0:1	3.2:1
Stockholders' equity	\$ 43,924,958	\$ 41,683,136	\$ 37,069,462
Book value per common share	\$ 10.75	\$ 10.21	\$ 9.13
Return on average stockholders' equity	10%	16%	18%
Return on average assets	9%	14%	15%

The following graph compares the yearly change in the cumulative total stockholder return on Nobility common stock during the five fiscal years ended November 3, 2007 with the NASDAQ index composite and a peer group composed of companies with businesses in one or more of Nobility's primary lines of businesses: the production and sale of manufactured homes. The companies comprising the peer group are weighted by their respective market capitalization and include the following: Cavalier Homes, Inc., Cavco Industries, Champion Enterprises, Inc., Fleetwood Enterprises, Inc., Palm Harbor Homes, Inc. and Skyline Corporation. In fiscal 2007, (1) Cavco was added to the peer group primarily because one of its businesses is the production and sale of manufactured homes (2) Liberty Homes, Inc. (Class A Common Stock) was dropped from the peer group because its stock was delisted by NASDAQ in 2004. The comparison assumes \$100 was invested on November 2, 2002 in Nobility common stock and in each of the foregoing indices.



	11/02/2002	11/01/2003	11/06/2004	11/05/2005	11/04/2006	11/03/2007
Nobility Homes, Inc.	100.00	114.63	228.82	288.10	307.32	219.25
Fiscal 2006 Peer Group	100.00	160.01	198.45	216.21	153.93	164.77
NASDAQ Market Index	100.00	145.24	148.44	159.81	179.95	217.22
Fiscal 2007 Peer Group	100.00	160.31	201.72	233.54	167.77	181.61

To Our Shareholders

Your Company's results for fiscal year 2007 continued to reflect a very competitive, volatile and difficult environment in the manufactured housing industry. Net sales for fiscal year 2007 were \$40,622,897 as compared to \$59,957,571 recorded in fiscal year 2006. Sales and operations were adversely impacted by the reduced manufactured housing shipments in Florida plus the overall decline in Florida and the nation's housing market. Industry shipments for manufactured homes in Florida were down approximately 47% from the same period last year.

Despite the significant sales decline, your Company's gross profit percentage of 29% declined less than 50 basis points from last fiscal year. Income from operations for fiscal year 2007 was \$4,323,956 versus \$8,548,910 in the same period a year ago. Net income after taxes was \$4,081,660 as compared to \$6,470,405 for the same period last year. Our after tax net income percentage of over 10% is outstanding for our industry. Diluted earnings per share for fiscal year 2007 were \$1.00 per share compared to \$1.59 per share last year.

Nobility's financial position continued to improve during fiscal year 2007 and remains very strong with cash and cash equivalents, short and long-term investments of \$24,907,582 and no outstanding debt. Working capital is \$25,144,323 and our ratio of current assets to current liabilities is 8.1:1. Stockholders' equity increased to \$43,924,958 and the book value per share of common stock increased to \$10.75. The return on average stockholders' equity was 10% and the return on average assets was 9%, both outstanding percentages for our industry. The Company did not purchase any significant amount of its common stock during fiscal year 2007. The Company's Board of Directors has authorized the purchase of up to 200,000 shares of the Company's stock in the open market. Management has a strong sense of pride in the accomplishments that describe our history and enthusiasm for the opportunities that will define our future as we move forward with our vertical integration strategy and plans to create new value for Nobility stockholders.

The Board of Directors declared an annual cash dividend of \$0.50 per common share for fiscal year 2007, equal to the \$0.50 per share declared last fiscal year. The cash dividend was paid January 11, 2008 to stockholders of record as of January 2, 2008.

Although the current overall housing market has declined significantly this year and the immediate outlook for the manufactured housing industry in Florida and the nation is uncertain, the long-term demographic trends still favor strong growth in the Florida market area we serve. Job formation, immigration growth and migration trends will continue to significantly favor Florida. Management remains convinced that our specific geographic market is one of the best long-term growth areas in the country and, because of the strong operating leverage inherent in the Company, we expect to continue outperforming the industry. If the country enjoys a strong and stable economy, improved sales in the existing home market, stable unemployment and low interest rates in 2008, management expects the demand for our homes to improve. Fiscal year 2008 is Nobility's 41st year of operating in our market area and we plan to increase the level of consumer awareness and confidence in Nobility and Prestige Home Centers, our retail organization, with the introduction and promotion of more special edition homes.

Management also remains confident that our business strategy of focusing on Florida is creating competitive advantages, will generate long-term growth for Nobility and will continue to increase stockholder value. Through disciplined growth and consistent focus, we are committed to achieving our financial and strategic objectives of improving operating margins, achieving higher returns on our asset base, and deriving greater market share of our existing Florida market as we enter new markets in Florida.

In fiscal year 2008, your Company has recently invested as a limited partner in two new Florida retirement manufactured home communities. One retirement community consists of 236 lots and is located near Homosassa, Florida. The other retirement community consists of 400 lots and is located near Winter Haven, Florida. Management's belief is that new attractive and affordable manufactured home communities for senior citizens will be a significant growth area for Florida in the future.

We gratefully acknowledge the wise counsel of the Board of Directors, officers and friends of the Company and express our appreciation to all employees for their dedication in striving to achieve your Company's goals. Our appreciation is also extended to our retail distribution network, customers and suppliers for their support and loyalty. We sincerely thank our stockholders for their continued investment confidence in Nobility and pledge our efforts to maintain and guard that trust. With this confidence and support, we enter fiscal year 2008 with full awareness of the challenging opportunities that lie ahead and with renewed enthusiasm and determination to achieve the goals of higher sales and operating results that has been set for your Company.



Terry E. Trexler
Chairman of the Board and President

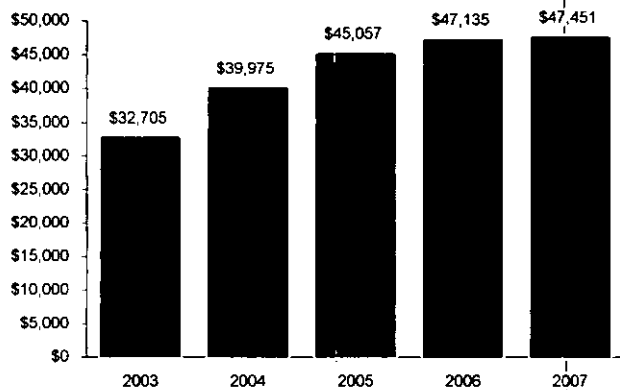


Thomas W. Trexler
Executive Vice President and Chief Financial Officer

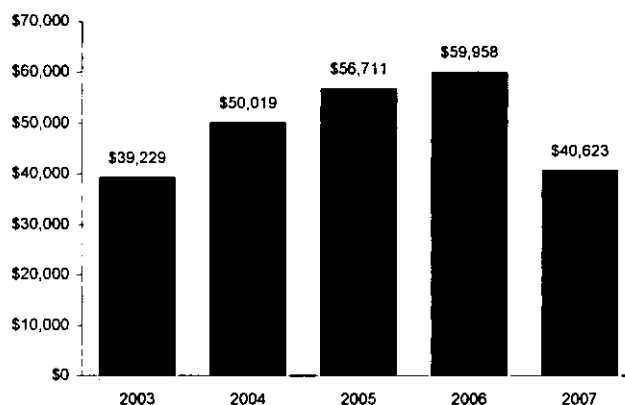
Summary of Financial Data

For each of the five years in the period ended November 3, 2007

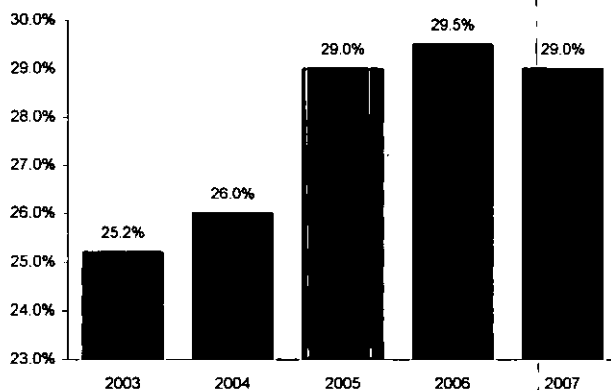
Total Assets
(in 000's)



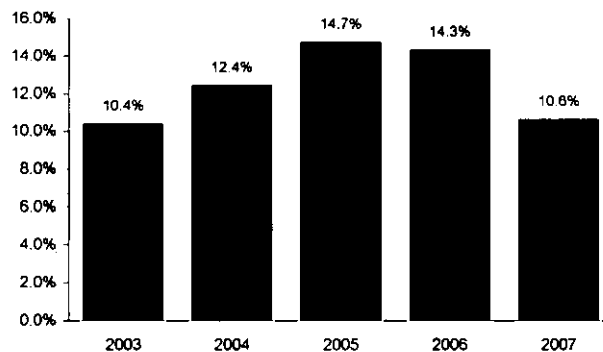
Net Sales
(in 000's)



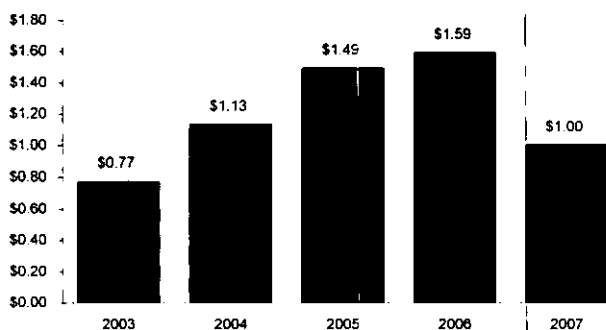
Gross Margin



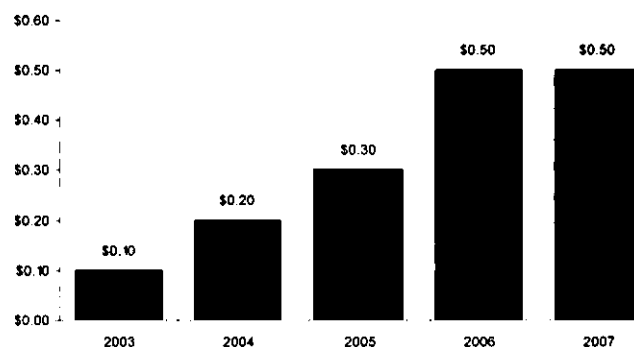
Operating Margin



Diluted Earnings Per Share



Cash Dividends Declared
(per share)



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended November 3, 2007

Commission file number 0-6506

NOBILITY HOMES, INC.

(Name of issuer in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

59-1166102
(I.R.S. Employer
Identification No.)

3741 S.W. 7th Street
Ocala, Florida
(Address of principal executive offices)

34474
(Zip Code)

(352) 732-5157

(Issuer's telephone number, including area code)
Securities registered under Section 12(b) of the Act:

Title of each class
None

Name of each exchange on which registered
None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock \$.10 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act). Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

State the aggregate market value of the voting stock held by non-affiliates of the registrant (1,435,812 shares) based on the closing price on the Nasdaq Global Market on May 4, 2007 (the last business day of the most recent second quarter) was \$30,511,005.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Class
Common Stock

Shares Outstanding
January 30, 2008
4,108,704

DOCUMENTS INCORPORATED BY REFERENCE

Title
Definitive proxy statement for Annual Meeting of
Shareholders to be held February 29, 2008

Form 10-K
Part III, Item 10-14

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PART I

Item 1. Description of Business

Nobility Homes, Inc., a Florida corporation incorporated in 1967, designs, manufactures and sells a broad line of manufactured homes through a network of its own retail sales centers throughout Florida. Nobility also sells its manufactured homes on a wholesale basis to independent manufactured home retail dealers and manufactured home communities.

Manufactured Homes

Nobility's homes are available in approximately 100 active models sold under the trade names "Kingswood," "Springwood," "Springwood Special," "Tropic Isle Special," "Regency Manor Special," and "Special Edition." The homes, ranging in size from 700 to 2,650 square feet and containing from one to five bedrooms, are available in:

- double-wide widths of 24, 26, 28 and 32 feet ranging from 32 to 76 feet in length;
- triple-wide widths of 36, 38 and 42 feet ranging from 46 to 72 feet in length; and
- quad-unit 2 sections 28 feet long by 48 feet long and 2 sections 28 feet long by 52 feet long.

Nobility's homes are sold primarily as unfurnished dwellings ready for permanent occupancy. Interiors are designed and color coordinated in a range of decors. Depending on the size of the unit and quality of appliances and other appointments, retail prices for Nobility's homes typically range from approximately \$30,000 to \$100,000. Most of the prices of Nobility's homes are considered by it to be within the low to medium price range of the industry.

Both of Nobility's manufacturing plants utilize assembly line techniques in manufactured home production. Both plants manufacture and assemble the floors, sidewalls, end walls, roofs and interior cabinets for their homes. Nobility purchases, from outside suppliers, various other components that are built into its homes including the axles, frames, tires, doors, windows, pre-finished sidings, plywood, ceiling panels, lumber, rafters, insulation, gypsum board, appliances, lighting and plumbing fixtures, carpeting and drapes. Nobility is not dependent upon any one particular supplier for its raw materials or component parts, and is not required to carry significant amounts of inventory to assure itself of a continuous allotment of goods from suppliers.

Nobility's two manufacturing plants operated at an average of approximately 30% of their single shift capacity in fiscal 2007, 57% in 2006 and 65% in 2005, respectively.

Nobility generally does not manufacture its homes to be held by it as inventory (except for model home inventory of its wholly-owned retail network subsidiary, Prestige Home Centers, Inc.), but, rather, manufactures its homes after receipt of orders. Although Nobility attempts to maintain a consistent level of production of homes throughout the fiscal year, seasonal fluctuations do occur, with sales of homes generally lower during the first fiscal quarter due to the holiday season.

The sales area for a manufactured home manufacturer is limited by substantial delivery costs of the finished product. Nobility's homes are delivered by outside trucking companies. Nobility estimates that it can compete effectively within a range of approximately 350 miles from its manufacturing plants. During the last three fiscal years, substantially all of Nobility's sales were made in Florida.

Retail Sales

Prestige Home Centers, Inc. operates 18 retail sales centers in north and central Florida. Its principal executive offices are located at Nobility's headquarters in Ocala, Florida. Sales by Prestige accounted for 92%, 86% and 83% of Nobility's sales during fiscal 2007, 2006 and 2005, respectively.

Each of Prestige's retail sales centers is located within 350 miles of Nobility's two manufacturing facilities. Prestige owns the land at four of its retail sales centers and leases the remaining 14 retail sales centers from unaffiliated parties under leases with terms between one and three years with renewal options.

The primary customers of Prestige are homebuyers who generally purchase manufactured homes to place on their own home sites. Prestige operates its retail sales centers with a model home concept. Each of the homes displayed at its retail sales centers is furnished and decorated as a model home. Although the model homes may be purchased from Prestige's model

home inventory, generally, customers order homes which are shipped directly from the factory to their home site. Prestige sales generally are to purchasers living within a radius of approximately 100 miles from the selling retail lot.

In fiscal 1997, Nobility entered into a joint venture agreement with 21st Century Mortgage Corporation to provide financing to retail customers purchasing homes from Prestige. Additionally, financing for home purchases is provided by several other independent sources that specialize in manufactured housing lending and numerous banks that finance manufactured home purchases. Prestige and Nobility are not required to sign any recourse agreements with any of these retail financing sources, nor does Prestige itself finance customers' new home purchases. During fiscal 2004, Nobility entered into a finance revenue sharing agreement between 21st Mortgage Corporation, Prestige and Nobility's wholly-owned subsidiary, Majestic Homes, Inc. without forming a separate entity. For more information about the revenue sharing arrangement, see "Note 3" to the consolidated financial statements. In the future, Nobility may explore the possibility of underwriting its own mortgage loans.

The retail sale of manufactured homes is a highly competitive business. Because of the large number of retail sales centers located throughout Nobility's market area, potential customers typically can find several sales centers within a 100 mile radius of their present home. Prestige competes with over 100 other retailers in its primary market area, some of which may have greater financial resources than Prestige. In addition, manufactured homes offered by Prestige compete with conventional site-built housing.

Insurance and Financial Services

Mountain Financial, Inc., a wholly-owned subsidiary of Prestige Home Centers, Inc., is an independent insurance agent, licensed mortgage lender and mortgage broker. Its principal activity is the performance of retail insurance services, which involves placing various types of insurance, including property and casualty, automobile and extended home warranty coverage, with insurance underwriters on behalf of its Prestige customers in connection with their purchase and financing of manufactured homes. As agent, we solely assist our Prestige customers in obtaining various insurance and extended warranty coverage with insurance underwriters. As such, we have no agreements with homeowners and/or third party insurance companies other than agency agreements with various insurance carriers, which leads us to conclude that the Company has no material commitments or contingencies related to Mountain Financial, Inc. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve is deemed necessary for policy cancellations for fiscal years 2007, 2006 and 2005. Mountain Financial, Inc.'s revenues were approximately \$402,000, \$335,000 and \$305,000 in fiscal 2007, 2006 and 2005, respectively.

The construction lending operation provides financing to pre-approved buyers who are purchasing a home through the Company's retail sales centers. The loan provides the homeowner with enough money to pay for the land, land improvements, construction and installation of the home, impact fees and permits. The loan is disbursed in draws as construction progresses and is secured by a first mortgage on the land, home, and all of the improvements. The term is typically for one year, with interest only payable monthly. There is also a finance charge which is added to the loan at closing. The construction loan is paid off when the homeowner closes on the permanent financing, typically a 30 year fixed mortgage. The mortgage broker fee was \$34,000 and construction interest was \$25,000 for fiscal 2007.

Wholesale Sales to Manufactured Home Communities

Nobility currently sells its homes on a wholesale basis exclusively through four full-time salespersons to approximately 40 manufactured home communities. Nobility continues to seek new opportunities in the areas in which it operates, as there is ongoing turnover in the manufactured home communities as they achieve full occupancy levels. As is common in the industry, most of Nobility's customers sell homes produced by several manufacturers. No customer accounted for more than 10% of Nobility's total sales in fiscal 2007, 2006 and 2005. Subsequent to November 4, 2007, the Company invested as a limited partner in two new Florida retirement manufactured home communities. Management's belief is that new attractive and affordable manufactured home communities for senior citizens will be a significant growth area for Florida in the future.

Dealers generally obtain inventory financing from financial institutions (usually banks and finance companies) on a "floor plan" basis where the financial institution obtains a security interest in all or part of the dealer's manufactured home inventory. Nobility, from time-to-time, enters into repurchase agreements with the lending institutions which provide that, in the event of a dealer's default, Nobility will, at the lender's request, repurchase the home provided that Nobility's liability will not exceed the manufacturer's invoice price and that the repurchased home is new and unused. Generally, the repurchase agreement expires within 18 – 24 months after a home is sold to the dealer and the repurchase price is limited to between 70% to 100% of the original invoice price to the dealer, depending on the length of time that has expired since the original sale. The repurchase is usually conditioned upon the dealer's insolvency and presentation of the unit back to the

Company. Any losses incurred as a result of such repurchases would be limited to the difference between the repurchase price and the subsequent resale value of the home repurchased. Nobility was not required to repurchase any homes during fiscal 2007, 2006 or 2005. For additional information, see "Notes to Consolidated Financial Statements." Nobility does not finance retail sales of new homes for customers of its independent dealers.

Nobility does not generally offer consigned inventory programs or other credit terms to its dealers and ordinarily receives payment for its homes within 15 to 30 days of delivery. However, Nobility may offer extended terms to unrelated park dealers who do a high volume of business with Nobility. In order to stimulate sales, Nobility sells homes for display to selected manufactured home communities on special terms. The high visibility of Nobility's homes in such communities generates additional sales of its homes through such dealers.

Regulation

The manufacture, distribution and sale of homes is subject to governmental regulation at the federal, state and local levels. The Department of Housing and Urban Development has adopted national construction and safety standards that have priority over existing state standards. In addition, HUD regulations require that manufactured homes be constructed to more stringent wind load and thermal standards. Compliance with these standards involves approval by a HUD approved engineering firm of engineering plans and specifications on all models. HUD has also promulgated rules requiring producers of manufactured homes to utilize wood products certified by their suppliers to meet HUD's established limits on formaldehyde emissions and to place in each home written notice to prospective purchasers of possible adverse reaction from airborne formaldehyde in homes. HUD's standards also require periodic inspection by state or other third party inspectors of plant facilities and construction procedures, as well as inspection of manufactured home units during construction. In addition, some components of manufactured homes may also be subject to Consumer Product Safety Commission standards and recall requirements. Homes manufactured by Nobility are also required to comply with the standard building code established by the Florida Department of Community Affairs.

Nobility estimates that compliance with federal, state and local environmental protection laws will have no material effect upon capital expenditures for plant or equipment modifications or earnings for the next fiscal year.

The transportation of manufactured homes is subject to state regulation. Generally, special permits must be obtained to transport the home over public highways and restrictions are imposed to promote travel safety including those relating to routes, travel periods, speed limits, safety equipment and size.

Nobility's homes are subject to the requirements of the Magnuson-Moss Warranty Act and Federal Trade Commission rulings which regulate warranties on consumer products. Nobility provides a limited warranty of one year on the structural components of its homes.

Competition

The manufactured home industry is highly competitive. The initial investment required for entry into the business of manufacturing homes is not unduly large. State bonding requirements for entry in the business vary from state to state. The bond requirement for Florida is \$50,000. Nobility competes directly with other manufacturers, some of whom are both considerably larger and possess greater financial resources than Nobility. Based on number of units sold during the first eleven months of calendar year 2007, Nobility ranks 6th in the state of Florida out of the top 45 manufacturers selling manufactured homes in the state. Nobility estimates that of those 45 manufacturers approximately 15 manufacture homes of the same type as Nobility and compete in the same market area. Nobility believes that it is generally competitive with most of those manufacturers in terms of price, service, warranty and product performance.

According to statistics compiled by Statistical Surveys, Inc. from records on file with the State of Florida, Prestige has been one of the largest retail dealers of multi-section manufactured homes in Florida since 1994, based on number of home sales.

Employees

As of January 4, 2008, Nobility had 214 full-time employees, including 82 employed by Prestige. Approximately 93 employees are factory personnel compared to approximately 94 in such positions a year ago and 120 are in management, administrative, supervisory, sales and clerical positions (including 75 management and sales personnel employed by Prestige) compared to approximately 106 a year ago. In addition, Nobility employs part-time employees when necessary.

Nobility makes contributions toward employees' group health and life insurance and to the Nobility 401(k) plan. Nobility, which is not subject to any collective bargaining agreements, has not experienced any work stoppage or labor disputes and considers its relationship with employees to be generally satisfactory.

Item 1A. Risk Factors

Company Risk Factors

The ownership of our common stock involves a number of risks and uncertainties. You should carefully consider the following risks, together with the information provided elsewhere in our Form 10-K and Annual Report. The risks described below are not the only ones facing us. Additional risks that are currently unknown to us or that we currently consider to be immaterial may also impair our business or adversely affect our financial condition or results of operations.

The manufactured housing industry is highly cyclical, which may cause our revenues and operating results to fluctuate.

The manufactured housing industry is highly cyclical and seasonal and has experienced wide fluctuations in aggregate sales in the past. We are subject to volatility in operating results due to external factors beyond our control such as:

- availability of retail financing;
- the level and stability of interest rates;
- unemployment trends;
- impact of hurricanes or seasonal weather conditions;
- the availability of wholesale financing;
- housing supply and demand;
- defaults by retail customers resulting in repossessions;
- industry level of used or repossessed manufactured homes;
- international tensions and hostilities;
- levels of consumer confidence;
- inventory levels;
- regulatory and zoning matters;
- availability of home insurance;
- access to capital markets;
- changes in general economic conditions; and
- commodity prices.

Sales in our market area are also seasonal in nature, with sales of homes traditionally being stronger in the summer and fall months. The cyclical and seasonal nature of our business causes our revenues and operating results to fluctuate and makes it difficult for management to forecast sales and profits in uncertain times. As a result of seasonal and cyclical downturns, results from any quarter should not be relied upon as being indicative of performance in future quarters.

The manufactured housing industry is experiencing a significant downturn, which may cause us to incur reductions in our operating and net income.

Since mid-1999, the manufactured housing industry has experienced a prolonged and significant downturn. Annual shipments have declined from approximately 350,000 to 100,000 in 2007. This downturn has resulted in part from the fact that, beginning in 1999, consumer lenders in the sector began to tighten underwriting standards and curtail credit availability in response to higher than anticipated rates of loan defaults and significant losses upon the repossession and resale of homes securing defaulted loans. Other causes of the downturn include a reduced number of consumer lenders in the traditional chattel (home-only) lending sector, higher interest rates on home-only loans and generally unfavorable economic conditions. These factors have resulted in declining wholesale shipments, excess manufacturing and retail locations and surplus inventory.

As a result of the foregoing factors, based on industry data, we estimate that approximately 57% of all industry retail locations have closed since 1999 and that industry manufacturers have closed 118 manufacturing facilities, representing 37% of the industry's manufacturing facilities.

It is possible that the current industry downturn is likely to continue, at least in the near term. The availability of consumer financing for the purchase of manufactured homes continues to be constrained. In addition, the number of repossessed homes being offered for sale continues to have an adverse impact on demand for new manufactured homes. Although it is

difficult to predict future industry conditions, these factors tend to indicate that a sustained recovery in the manufactured housing industry is unlikely to occur in the near term.

If the current industry downturn gets materially worse or the subprime crisis escalates, we may incur operating and net income reductions and may be required to take steps in an attempt to mitigate the effect of unfavorable industry conditions, such as the closure of facilities, retail sales centers, or consolidation of existing operations. These steps could impair our ability to conduct our business in a manner consistent with past practice and could make it more difficult for us to expand our operations if and when industry conditions improve. Furthermore, some of these steps could lead to fixed asset impairment charges and goodwill impairment charges.

The reduced availability of consumer financing could have a material adverse effect on our sales volume.

The reduced availability of financing from third party lenders for our retail customers could continue to affect our sales volume. Our retailers, as well as retail buyers of our products, generally secure financing from third party lenders, which, in the case of manufactured housing, have been negatively affected by adverse loan experience. For example, Conseco, Associate, Chase and GreenPoint, which have been very important lenders for customers of ours and of our dealers in the 1990's, have withdrawn from the manufactured housing finance business. A consumer seeking to finance the purchase of a manufactured home without land will generally pay a higher interest rate and have a shorter loan maturity than a consumer seeking to finance the purchase of land and the home. In addition, home-only financing is at times more difficult to obtain than the financing for site-built homes. Reduced availability of such financing, tightened underwriting standards and high interest rates are currently having an adverse effect on the manufactured housing business and our housing sales. In addition, quasi-governmental agencies such as Fannie Mae and Freddie Mac, which are important purchasers of loans from financial institutions, have tightened standards relating to the manufactured housing loans that they will buy. There can be no assurance that affordable retail financing for manufactured or modular homes will be available on a widespread basis. If third party financing were to become unavailable or were to be further restricted, this could have a material adverse effect on our results of operations.

Availability of financing is dependent on the lending practices of financial institutions, financial markets, governmental policies and economic conditions, all of which are largely beyond our control. There are currently three national lending institutions that specialize in providing wholesale floor plan financing to manufactured housing retailers. Reduced availability of floor plan lending may affect the inventory levels of our independent retailers, their number of retail sales centers and related wholesale demand.

The manufactured housing industry is very competitive and our inability to compete effectively could limit our growth.

The manufactured housing industry is highly competitive and some of our competitors are larger and have stronger balance sheets and cash flow, as well as greater access to capital, than we do. Competition at both the manufacturing and retail levels is based upon several factors, including price, product features, reputation for service and quality, merchandising, terms of retailer promotional programs and the terms of retail customer financing. Numerous companies produce manufactured homes in our market. In addition, our homes compete with repossessed homes that are offered for sale in our market. A number of our manufacturing competitors also have their own retail distribution systems and consumer finance and insurance operations. The ability to offer consumer finance and insurance products may provide some larger competitors with an advantage. In addition, there are many independent manufactured housing retail locations in most areas where we have retail operations. Because barriers to entry for manufactured housing retailers are low, we believe that where wholesale floor plan financing is available, it is relatively easy for new retailers to enter into our market as competitors. In addition, our products compete with other forms of low to moderate-cost housing, including new and existing site-built homes, apartments, townhouses and condominiums. If we are unable to compete effectively in this environment, our retail sales, wholesale shipments and operating results could be reduced. As a result, our growth could be limited.

If we experience a shortage of raw materials, or the price of raw materials increases, our results of operations could be adversely affected.

Our results of operations can be affected by the pricing and availability of raw materials. Although we attempt to increase the sales prices of our homes in response to higher materials costs, such increases typically lag behind the escalation of materials costs. Three of the most important raw materials used in our operations, lumber, gypsum wallboard and insulation, have experienced significant price fluctuations in the past several fiscal years. Sudden increases in demand for these construction materials, as has recently occurred, caused by natural disasters or other market forces, can greatly increase the costs of materials or limit the availability of such materials. Although we have not experienced any shortage of such

building materials today, there can be no assurance that sufficient supplies of lumber, gypsum wallboard and insulation, as well as other materials, will continue to be available to us on terms we regard as satisfactory.

If we experience an increase in labor costs, our results of operations could be adversely affected.

The availability and pricing of labor, as well as changes in labor practices, may significantly affect our results of operations. Although we attempt to mitigate the effect of any cost escalation in labor costs when necessary by increasing the sales prices of our products, we cannot be certain that we will be able to do so without it having an adverse impact on the competitiveness of our products and, therefore, our sales volume. Changes in labor rates and practices could significantly affect our costs and thereby reduce our operating income. Any failure to offset increases in our labor costs could have an adverse effect on our margins, operating income and cash flows.

We self-insure some of our property and in the event of significant losses, our results of operations and financial condition could be materially adversely affected.

For cost reasons, we do not maintain casualty insurance on some of our property, including the inventory at our retail centers, our plant machinery and plant inventory. We do maintain casualty insurance on our corporate buildings and manufacturing plants; however, we are not insured for the full value of those properties. If we experience significant losses resulting from disasters such as hurricanes, tornados, floods or fires for which we are not fully insured, it could have a material adverse affect on our operating results and financial condition.

Our geographic concentration in Florida could adversely affect our business.

We are concentrated geographically in Florida which could adversely affect our business. In fiscal year 2007, approximately 100% of our revenues were generated in Florida. A decline in the demand for manufactured housing in Florida, a decline in the economy of Florida and the impact of hurricanes in Florida or other adverse conditions could have a material adverse affect on our results of operations.

If the manufactured housing industry does not secure favorable zoning regulations for our homes, our sales could decline.

If the factory-built housing industry is not able to secure favorable local zoning ordinances, or if there are changes in zoning regulations, our sales could decline and our operating results could suffer. Any limitation on the growth of the number of sites available for manufactured homes, or on the operation or starting new of manufactured housing communities, could adversely affect our sales. In addition, new product opportunities that we may wish to pursue for our manufactured housing business could cause us to encounter new zoning regulations and affect the potential market for these new products. Manufactured housing communities and individual home placements are subject to local zoning ordinances and other local regulations relating to utility service and construction of roadways. In the past, there has been resistance by property owners to the adoption of zoning ordinances permitting the location of manufactured homes in residential areas and we believe that this resistance has adversely affected the growth of the industry. The inability of the manufactured home industry to affect change in these zoning ordinances could have an adverse effect on our results of operations and we cannot be certain that manufactured homes will receive more widespread acceptance or that additional localities will adopt zoning ordinances permitting the location of manufactured homes.

If our retail customers are unable to obtain insurance for factory-built homes, our sales volume and results of operations may be adversely affected.

We sell our factory-built homes to retail customers located primarily in Florida. Some of our retail customers have experienced difficulty obtaining insurance for our factory-built homes due to adverse weather-related events in Florida and the Gulf Coast, primarily hurricanes. If our retail customers face increased difficulty in obtaining insurance for the homes we build, our sales volume and results of operations may be adversely affected.

If our contingent liabilities become actual liabilities that we must satisfy, we may incur losses or experience a reduction in earnings.

We have, and will continue to have, contingent wholesale repurchase obligations which could become actual obligations that we must satisfy. We may incur losses under these wholesale repurchase obligations or be required to fund these or other contingent obligations that would reduce our earnings. In connection with a floor plan arrangement for our home shipments to independent retailers, the financial institution that provides the retailer financing customarily requires us to enter into a separate repurchase agreement with the financial institution. Under this separate agreement, generally for a period 18 to 24

months from the date of our sale to the retailer, upon default by the retailer and repossession of the home by the financial institution, we are generally obligated to purchase from the lender the related floor plan loan or the home at a price equal to the unpaid principal amount of the loan, plus certain administrative and handling expenses, reduced by the cost of any damage to the home and any missing parts or accessories. The difference between the gross repurchase price and the price at which the repurchased manufactured home can then be resold, which is typically at a discount to the original sale price, is an expense to us. Thus, if we were obligated to repurchase a large number of manufactured homes in the future, this would increase our costs, which could have a negative effect on our earnings. During fiscal 2007 and 2006, there were no losses incurred under these repurchase agreements. We estimate that our potential obligations under such repurchase agreements were approximately \$539,000 in 2007 and \$1,397,000 in 2006. We may be required to honor contingent repurchase obligations in the future and may incur additional expense as a consequence of these repurchase agreements.

Tightened credit standards by lenders and more aggressive attempts to accelerate collection of outstanding accounts with retailers could result in defaults by retailers and consequently repurchase obligations on our part may be higher than has historically been the case.

We are dependent on Prestige Home Center's ability to sell our manufactured homes, and if it is not successful, we may experience a decline in our revenue and operating results.

During fiscal 2007 and 2006, approximately 89% and 77% of our wholesale shipments of manufactured homes were sold through Prestige Home Centers, our own retail distribution network. If Prestige's retail sales are adversely affected by changes in conditions such as economic, demographics, weather, repossessions, unemployment trends, interest rates, availability of retail financing, personnel and housing demand, our revenue and operating results would decline.

We are dependent on independent retailers to sell our homes, and the loss of a significant retailer or our inability to establish relations with independent retailers could have a material adverse effect on our sales and operating results.

If we are unable to establish or maintain relationships with independent retailers who sell our homes, our sales could decline and our operating results could suffer. During fiscal 2007 and 2006, approximately 11% and 23% of our wholesale shipments of manufactured homes were made to independent retail locations in Florida. As is common in the industry, independent retailers may sell manufactured homes produced by competing manufacturers. We may not be able to establish relationships with new independent retailers or maintain good relationships with independent retailers that sell our homes. Furthermore, our presence as a competitor limits potential sales to dealers located in the same geographic area serviced by Prestige retail sales centers. Even if we do establish and maintain relationships with independent retailers, these retailers are not obligated to sell our manufactured homes exclusively and may choose to sell our competitors' homes instead. Furthermore, if wholesale shipments of manufactured homes exceed the retail sales, independent retailers' inventories may increase to a level where the retailers decrease orders from us. The independent retailers with whom we have relationships can cancel these relationships on short notice. In addition, these retailers may not remain financially solvent as they are subject to industry, economic, demographic and seasonal trends similar to the ones we face. If we do not establish and maintain relationships with solvent independent retailers in our market, sales could decline.

We are dependent on the ability of 21st Mortgage Corporation and Majestic 21 to operate a financially successful business, and if their operations are not financially successful, we could experience a loss of some or all of our investments.

During fiscal 1997, we contributed \$250,000 for a 50% interest in a joint venture with 21st Mortgage Corporation, to provide mortgage financing on our manufactured homes sold by our retail division. As a 50% partner we do not have any legal authority to manage or control this partnership's operations. During fiscal 2004, we transferred \$250,000 from our existing joint venture in Majestic 21 in order to participate in a new finance revenue sharing agreement with 21st Mortgage Corporation. This finance revenue sharing agreement will continue to provide mortgage financing to customers who qualify for such mortgage financing, and who purchase homes through our Prestige Homes retail sales centers. The management of 21st Mortgage Corporation has industry experience in managing, servicing and collecting loan portfolios; however, many borrowers require notices and reminders to keep their loans current and to prevent delinquencies and foreclosures. A substantial increase in the delinquency rate that results from improper servicing or mortgage loan performance in general could adversely affect the profitability and cash flow from the loan portfolio for Majestic 21 and 21st Mortgage Corporation. Majestic 21 and 21st Mortgage Corporation makes loans to borrowers that it believes are credit worthy based on its credit guidelines. However, the ability of these customers to repay their loans may be affected by a number of factors, including, but not limited to national, regional and local economic conditions; changes or continued weakness in specific industry segments; natural hazard risks affecting the region in which the borrower resides; and employment, financial or life circumstances. Therefore, if these operations are not financially successful, our results may also be adversely affected and we could lose some or all of our investments.

We are dependent on two executive officers, and the loss or prolonged absence of either officer could have a material adverse effect on our business.

We are dependent to a significant extent upon the efforts of our two principal executive officers, Terry Trexler, Chairman of the Board and Chief Executive Officer and Tom Trexler, Executive Vice President and President of Prestige Home Centers, our retail distribution network. Tom Trexler is also responsible for the operations of the mortgage and insurance divisions. The loss or the prolonged absence of the services of either or both principal executive officers could have a material adverse effect upon our business, financial condition and results of operations. Our continued growth is also dependent upon our ability to attract and retain additional skilled management personnel.

Our stock price is volatile and could experience significant price and volume fluctuations from time to time.

Our common stock price has been volatile and may continue to be volatile. The price of our common stock may fluctuate widely, depending upon a number of factors, many of which are beyond our control. These factors include the perceived prospects of our business and the manufactured housing industry as a whole; differences between our actual financial and operating results and those expected by investors and analysts; changes in analysts' recommendations or projections; changes affecting the availability of financing in the wholesale and consumer lending markets; future issuances of our common stock for stock options or acquisitions; actions or announcements by competitors; lack of liquidity in our stock; changes in the regulatory environment in which we operate; and changes in general economic or market conditions. In addition, stock markets generally experience significant price and volume volatility from time to time which may adversely affect the market price of our common stock for reasons unrelated to our performance. All of these factors may adversely impact the market prices of our common stock in the future.

We are subject to extensive government regulations and any change in those regulations could significantly increase our costs, which could negatively affect our results of operations.

Our manufactured housing business is subject to extensive federal and state regulations, including construction and safety standards for manufactured homes. Amendments to any of these regulations and the implementation of new regulations could significantly increase the costs of manufacturing, purchasing, operating or selling our products and could have an adverse effect on our results of operations. Our failure to comply with present or future regulations could result in fines, potential civil and criminal liability, suspension of sales or production, or cessation of operations. In addition, a major product recall could have an adverse effect on our results of operations.

Our operations are subject to a variety of federal and state environmental regulations relating to noise pollution and the use, generation, storage, treatment, emission and disposal of hazardous materials and wastes. Although we believe that we are currently in material compliance with applicable environmental regulations, our failure to comply with present or future regulations could result in fines, potential civil and criminal liability, suspension of production or operations, alterations to the manufacturing process, costly cleanup or capital expenditures.

Our warranty claims could exceed our reserve, which would adversely affect our results of operation.

We are subject to warranty claims in the ordinary course of our business. Although we maintain reserves for such claims, which to date have been adequate, there can be no assurance that warranty expense levels will remain at current levels or that such reserves will continue to be adequate. A large number of warranty claims exceeding our current warranty expense levels could have an adverse effect on our results of operations.

If we are unable to comply with Sarbanes-Oxley – Section 404 by fiscal year end 2008, our stock price may decline and our business may be adversely affected.

By fiscal year end 2008, we must comply with Section 404 of the Sarbanes-Oxley Act which requires us to evaluate annually the effectiveness of our internal controls over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our annual report. Section 404 also will require our independent registered certified public accounting firm to attest to, and report on, management's assessment of our internal controls over financial reporting for fiscal 2009. If we fail to meet our deadline for adoption or we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we cannot assure you that we will be able to conclude in the future that we have effective internal controls over financial reporting in accordance with Section 404. If we fail to maintain a system of effective internal controls, it could have an adverse effect on our business and stock price.

Item 1B Unresolved Staff Comments

None.

Item 2. Properties

As of November 3, 2007, Nobility owned and operated two manufacturing plants:

<u>Location</u>	<u>Approximate Size</u>
3741 SW 7 th Street Ocala, Florida ⁽¹⁾	72,000 sq. ft.
6432 SE 115 th Lane Bellevue, Florida ⁽²⁾	33,500 sq. ft.

¹Nobility's Ocala facility is a 72,000 square foot plant and is located on approximately 35.5 acres of land on which an additional two-story structure adjoining the plant serves as Nobility's corporate offices. The plant, which is of metal construction, is in good condition and requires little maintenance.

²Nobility's Bellevue is a 33,500 square foot plant which is of metal and concrete construction. The property is in good condition and requires little maintenance.

Prestige has acquired the properties on which its Pace, Panama City, Yulee and Punta Gorda, Florida retail sales centers are located. Prestige leases the property for its other 14 retail sales centers.

Item 3. Legal Proceedings

Certain claims and suits arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, any related liabilities that might arise would be covered under terms of the Company's liability insurance policies or would not have a material adverse impact on the Company's consolidated financial position, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters and Issuer Repurchases of Equity Securities

Market Information

Nobility's common stock is listed on the Nasdaq Global Market under the symbol NOBH. The following table shows the range of high and low sales prices for the common stock for each fiscal quarter of 2007 and 2006.

Fiscal Quarter	Fiscal Year End			
	November 3, 2007		November 4, 2006	
	High	Low	High	Low
1 st	\$ 27.92	\$ 22.84	\$ 26.21	\$ 25.57
2 nd	25.81	20.85	26.53	26.03
3 rd	21.48	18.94	27.91	27.43
4 th	20.68	17.00	27.12	26.92

Holders

At January 30, 2008, the approximate number of holders of record of common stock was 196 (not including individual participants in security position listings).

Dividends

The Board of Directors declared an annual cash dividend of \$0.50 per common share for fiscal year 2007, paid January 11, 2008 to stockholders of record as of January 2, 2008. The Company paid an annual cash dividend of \$0.50 per common share for fiscal year 2006. The payment of future cash dividends is within the discretion of Nobility's Board of Directors and will depend, among other factors, on Nobility's earnings, capital requirements and operating and financial condition.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table displays equity compensation plan information as of the fiscal year ended November 3, 2007. For further information, see Note 12 of "Notes to Consolidated Financial Statements."

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	133,029	\$23.88	361,971
Equity compensation plans not approved by security holders	None	---	---
Total	133,029	\$23.88	361,971

Issuer Purchases of Equity Securities

Nobility repurchased in the open market 89,175 shares of its common stock during fiscal 2006. Nobility did not repurchase any significant amount of shares in fiscal 2007.

Recent Sales of Unregistered Securities

Nobility has not sold any securities within the past three years which were not registered under the Securities Act.

Item 6. Selected Financial Data

The following table sets forth Selected Financial Data for each of Nobility's last five fiscal years. This information should be read in conjunction with Nobility's consolidated financial statements (including the related notes thereto) and Management's Discussion and Analysis of Financial Condition and Results of Operations, each included elsewhere in this Form 10-K.

	Years Ended				
	November 3, 2007	November 4, 2006	November 5, 2005	November 6, 2004	November 1, 2003
	(in thousands except per share data)				
Total net sales	\$40,623	\$59,958	\$56,711	\$50,019	\$39,229
Income from operations	4,324	8,549	8,342	6,201	4,078
Other income	1,823	1,598	1,030	832	656
Net income	4,082	6,470	6,172	4,633	3,079
Weighted average shares outstanding:					
Basic	4,084,691	4,049,172	4,043,394	4,016,797	3,996,424
Diluted	4,094,001	4,069,470	4,134,923	4,116,337	4,021,996
Earnings per share:					
Basic	\$1.00	\$1.60	\$1.53	\$1.15	\$ 0.77
Diluted	\$1.00	\$1.59	1.49	1.13	0.77
Total assets	47,452	47,135	45,057	39,975	32,705
Long term obligations	-0-	-0-	-0-	-0-	-0-
Stockholders' equity	43,925	41,683	37,069	31,374	26,816
Cash dividends per common share	\$0.50	\$0.30	\$0.20	\$0.10	-0-

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Nobility's primary focus is homebuyers who generally purchase their manufactured homes from retail sales centers to locate on property they own. Nobility has aggressively pursued this market through its Prestige retail sales centers. While Nobility actively seeks to make wholesale sales to independent retail dealers, its presence as a competitor limits potential sales to dealers located in the same geographic areas serviced by its Prestige retail sales centers.

Nobility has also aggressively targeted the retirement community market, which is made up of retirees moving to Florida and typically purchasing homes to be located on sites leased from park communities offering a variety of amenities. Sales are not limited by the presence of the Company's Prestige retail sales centers in this type of arrangement, as the retirement community sells homes only within their community.

Nobility has a product line of approximately 100 active models. Although market demand can fluctuate on a fairly short-term basis, the manufacturing process is such that Nobility can alter its product mix relatively quickly in response to changes in the market. During fiscal 2007, 2006 and 2005, Nobility's product mix was affected by the number of "Special Edition" homes marketed by Prestige and by larger, more expensive multi-wide homes resulting from the availability of varied types of financing at competitive rates through our affiliates. Most family buyers today purchase three-, four- or five-bedroom manufactured homes, compared with the two-bedroom home that typically appeals to the retirement buyers who reside in the manufactured housing communities.

Nobility's joint venture and finance revenue sharing agreement with 21st Mortgage Corporation and its subsidiaries provides mortgage financing to retail customers who purchase Nobility's manufactured homes at Prestige retail sales centers. These agreements, which originate and service loans, have given Prestige more control over the financing aspect of the retail home sales process and allowed it to offer better services to its retail customers. Management believes that these agreements give Prestige an additional potential for profit by providing finance products to retail customers. In addition, management believes that Prestige has more input in the design of unique finance programs for prospective homebuyers, and that the joint venture has resulted in more profitable sales at its Prestige retail sales centers. For more information about the finance revenue sharing agreement, see "Note 3" to the consolidated financial statements. In an effort to make manufactured homes more competitive with site-built housing, financing packages are available to provide (1) 30-year financing, (2) an interest rate reduction program, (3) combination land/manufactured home loans, and (4) a 5% down payment program for qualified buyers. Prestige also maintains several other outside financing sources that provide financing to retail homebuyers for its manufactured homes. In the future, Nobility may explore the possibility of underwriting its own mortgage loans for non-21st Mortgage loans.

Prestige's wholly-owned subsidiary, Mountain Financial, Inc., is an independent insurance agent, licensed mortgage lender and mortgage broker. Mountain Financial provides construction loans, mortgage brokerage services, automobile, extended warranty coverage and property and casualty insurance to Prestige customers in connection with their purchase and financing of manufactured homes.

The years ended November 3, 2007, November 4, 2006 and November 5, 2005 consisted of a fifty-two (52) week period.

Results of Operation

The following table summarizes certain key sales statistics and percent of gross profit as of and for fiscal years ended November 3, 2007, November 4, 2006 and November 5, 2005.

	2007	2006	2005
Homes sold through Company owned sales centers	462	714	744
Homes sold to independent dealers	52	208	261
Total new factory built homes produced	485	902	1044
Less: intercompany	433	694	783
Average new manufactured home price - retail	\$ 75,971	\$ 68,749	\$ 59,887
Average new manufactured home price - wholesale	\$ 37,054	\$ 34,634	\$ 30,578
As a percent of net sales:			
Gross profit from the Company owned retail sales centers	22%	22%	22%
Gross profit from the manufacturing facilities including intercompany sales	17%	18%	19%

For fiscal years ended November 3, 2007, November 4, 2006 and November 5, 2005, results are as follows. Total net sales in fiscal 2007 were \$40,622,897 compared to \$59,957,571 in fiscal 2006 and \$56,710,925 in fiscal 2005.

Sales for fiscal 2007 were adversely impacted by the reduced manufactured housing shipments in Florida plus the overall decline in Florida and the nation's housing market. Industry shipments in Florida for the Company's fiscal 2007 were down approximately 47% from the same period last year. While we did not manufacture any FEMA units for temporary housing for hurricane victims, we believe the hurricanes positively impacted our retail sales in 2005 by driving sales for replacement homes. Although business has slowed to normal levels after the hurricanes of 2005 and 2004, management is cautiously optimistic for fiscal 2008, convinced that our specific geographic market is one of the best long-term growth areas in the country and because of the strong operating leverage inherent in the Company, we expect to continue out-performing the industry. If the country enjoys a strong and stable economy, improved sales in the existing home market, stable unemployment and low interest rates in 2008, management expects the demand for our homes to improve. Fiscal year 2008 is Nobility's 41st year of operating in our market area and we plan to increase the level of consumer awareness and confidence in Nobility and Prestige, our retail organization, with the introduction and special promotion of more special edition homes. Subsequent to November 4, 2007, the Company invested as a limited partner in two new Florida retirement

manufactured home communities. Management's belief is that new attractive and affordable manufactured home communities for senior citizens will be a significant growth area for Florida in the future.

Combined industry-wide shipment of multi-section and single-section homes for the first ten months of calendar 2007 decreased approximately 22% from the like period last year and decreased 10% in calendar 2006 after a 3% increase in calendar 2005. Florida combined industry shipments of multi-section homes and single-section homes in the first ten months of calendar 2007 decreased approximately 47% from the like period last year and decreased 31% in calendar 2006 and increased 23% in calendar 2005. The increase in Florida shipments in 2005 was positively impacted by both FEMA purchased temporary housing and customers replacing homes due to the hurricanes. Approximately 99% of Nobility's home sales are multi-section homes.

Cost of goods sold at our manufacturing facilities include: materials, direct and indirect labor and manufacturing expenses (which consists of factory occupancy, salary and salary related, delivery costs, mobile home service costs and other manufacturing expenses). Cost of goods sold at our retail sales centers include: appliances, air conditioners, electrical and plumbing hook-ups, furniture, insurance, impact and permit fees, land and home fees, manufactured home, service warranty, setup contractor, interior drywall finish, setup display, skirting, steps, well and septic tank and other expenses.

Gross profit as a percentage of net sales was 29% in fiscal 2007 compared to 29.5% in fiscal 2006 and 29% in fiscal 2005. The gross profit at the Company owned retail sales centers remained approximately the same due to the increase in the average retail selling price and the increase in the average gross profit on each retail home sold. The average new manufactured home price (wholesale) increased, but the gross profit from the manufacturing facilities, which included homes built for both Company owned retail sales centers and independent dealers, declined because of the fixed manufacturing expenses related to the deceased sales.

Selling, general and administrative expenses as a percent of net sales was approximately 18.4% in fiscal 2007 compared to 15.2% in fiscal 2006 and 14.3% in fiscal 2005. The increase in selling, general and administrative expenses as a percent of net sales resulted from the fixed expenses directly related to the decreased sales at the Company's manufacturing facilities and retail sales centers in fiscal 2007. In fiscal year 2006 the increase in selling, general and administrative expenses resulted from the increase in compensation expenses directly related to the increased sales and advertising expense at the Company's retail sales centers. Selling, general and administrative expenses at our manufacturing facility includes salaries, professional services, advertising and promotions, corporate expense, employee benefits, office equipment and supplies and utilities. Selling, general and administrative expenses at our retail sales center includes: advertising, retail sales centers expenses, salary and salary related, professional fees, corporate expense, employee benefit, office equipment and supplies, utilities and travel. Selling, general and administrative expenses at the insurance company include: advertising, professional fees and office supplies.

Insurance revenues in fiscal 2007 were \$402,101 compared to \$334,504 in fiscal 2006 and \$304,882 in fiscal 2005. These increases resulted from increased contingency payments earned based on participation of profitability with insurance companies due to low claims, as well as new policies generated and renewal of existing policies. The insurance revenues in 2005 were reclassified to be recorded at net versus gross. Prestige's wholly-owned subsidiary, Mountain Financial, Inc., is an independent insurance agent, licensed mortgage lender and mortgage broker. Its principal activity is the performance of retail insurance services, which involves placing various types of insurance, including property and casualty, automobile and extended home warranty coverage, with insurance underwriters on behalf of its Prestige customers in connection with their purchase and financing of manufactured homes. As agent, Mountain Financial solely assists our Prestige customers in obtaining various insurance and extended warranty coverage with insurance underwriters. As such, we have no agreements with homeowners and/or third party insurance companies other than agency agreements with various insurance carriers and therefore, we have no material commitments or contingencies related to Mountain Financial, Inc. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve is deemed necessary for policy cancellations at November 3, 2007, November 4, 2006 and November 5, 2005.

The construction lending operation provides financing to buyers who are purchasing a home through the Company's retail sales centers. The loan provides the homeowner with enough money to pay for the land, land improvements, construction and installation of the home impact fees and permits. The loan is disbursed in draws as construction progresses and is secured by a first mortgage on the land, home and all of the improvements. The term is typically for one year, with interest only payable monthly. There is also a finance charge which is added to the loan at closing. The construction loan is paid off when the homeowner closes on the permanent financing, typically a 30 year fixed mortgage. The mortgage broker fee was \$34,000 and construction interest was \$25,000 for fiscal 2007.

The Company earned \$282,680 from Majestic 21 in fiscal 2007 compared to \$409,434 in fiscal 2006 and \$373,482 in fiscal 2005. The earnings from Majestic 21 represent the allocation of the Company's share of net income and distributions on a 50/50 basis. The Majestic 21 portfolio of loans is not being increased and as the portfolio continues to runoff, the income will continue to decline.

The Company reported earnings from the finance revenue sharing agreement with 21st Mortgage Corporation, Prestige Home Centers, Inc. and Majestic Homes Inc. in the amount of \$579,700 in fiscal 2007 and \$317,900 in fiscal 2006.

The Company earned interest on cash equivalents and investments in the amount of \$814,683 in fiscal 2007 compared to \$780,103 in fiscal 2006 and \$598,904 in fiscal 2005. The increased interest income was primarily due to higher interest rates on the variable rate portion of our cash equivalent and investment balances.

As a result of the factors discussed above, earnings for fiscal 2007 were \$4,081,660 or \$1.00 per diluted share compared to \$6,470,405 or \$1.59 per diluted share for fiscal 2006 and \$6,172,217 or \$1.49 per diluted share for fiscal 2005.

Liquidity and Capital Resources

Cash and cash equivalents were \$13,696,990 at November 3, 2007 compared to \$12,380,874 at November 4, 2006. Short and long-term investments were \$11,210,592 at November 3, 2007 compared to \$12,144,817 at November 4, 2006. Working capital was \$25,144,323 at November 3, 2007 as compared to \$22,043,781 at November 4, 2006. Nobility owns the entire inventory for its Prestige retail sales centers and does not incur any third party floor plan financing expenses. Inventories increased to \$12,696,388 at November 3, 2007 from \$12,413,704 at November 4, 2006. Customer deposits continued to decrease to a normal historic level, which had increased in 2004 and 2005 because of customers receiving insurance proceeds and applying down payments to buy replacement homes due to the hurricanes of 2004 and 2005.

Nobility paid an annual cash dividend of \$0.50 per common share for fiscal year 2006 on January 12, 2007 in the amount of \$2,041,071. On January 13, 2006 the Company paid an annual cash dividend of \$0.30 per common share for fiscal year 2005 in the amount of \$1,217,618. Subsequent to November 3, 2007, the Company's Board of Directors declared an annual cash dividend of \$0.50 per common share, paid on January 11, 2008 to stockholders of record as of January 2, 2008.

Nobility repurchased in the open market 89,175 shares of its common stock for \$2,363,381 during fiscal 2006. Nobility did not repurchase any significant amount of shares in fiscal 2007.

Nobility maintains a revolving credit agreement with a major bank providing for borrowing up to \$4,000,000. At November 3, 2007 and November 4, 2006, there were no amounts outstanding under this agreement.

Nobility's operations may require significant capital expenditures during fiscal 2008 compared to fiscal 2007, as the Company considers increasing manufacturing plant capacity through plant expansion, purchasing some of our current retail sales centers locations that are currently leased and opening new retail sales centers in Florida. Subsequent to November 3, 2007, the Company invested \$6,390,000 to obtain 49% limited partner interests in two new Florida retirement manufactured home communities. Nobility may also require additional funds for capital expenditures relating to its finance revenue sharing agreement and to underwrite its own construction and mortgage loans. Working capital requirements will be met with internal sources.

Critical Accounting Policies and Estimates

The Company applies judgment and estimates, which may have a material effect in the eventual outcome of assets, liabilities, revenues and expenses, for accounts receivable, inventory and goodwill. The following explains the basis and the procedure for each asset account where judgment and estimates are applied.

Revenue Recognition

The Company recognizes revenue from its retail sales upon the occurrence of the following:

- its receipt of a down payment,
- construction of the home is complete,
- home has been delivered and set up at the retail home buyer's site and title has been transferred to the retail home buyer,

- remaining funds have been released by the finance company (financed sales transaction), remaining funds have been committed by the finance company by an agreement with respect to financing obtained by the customer, usually in the form of a written approval for permanent home financing received from a lending institution, (financed construction sales transaction) or cash has been received from the home buyer (cash sales transaction), and
- completion of any other significant obligations.

The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home and transferring title and risk of loss to the independent dealer. For wholesale shipments to independent dealers, the Company has no obligation to setup the home or to complete any other significant obligations.

The Company recognizes revenues from its wholly-owned subsidiary, Mountain Financial, Inc., as follows: commission income (and fees in lieu of commissions) is recorded as of the effective date of insurance coverage or the billing date, whichever is later. Commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received which, in many cases, is the Company's first notification of amounts earned due to the lack of policy and renewal information. Contingent commissions are recorded as revenue when received. Contingent commissions are commissions paid by insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. The data necessary for the calculation of contingent commissions cannot be reasonably obtained prior to the receipt of the commission which, in many cases, is the Company's first notification of amounts earned. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve is deemed necessary for policy cancellations at November 3, 2007 or November 4, 2006.

Investment in Majestic 21

Majestic 21 was formed in 1997 as a joint venture with our joint venture partner, an unrelated entity (21st Mortgage Corporation ("21st Mortgage")). We have been allocated our share of net income and distributions on a 50/50 basis since Majestic 21's formation. While Majestic 21 has been deemed to be a variable interest entity, the Company only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and the Company's maximum exposure is limited to its investment in Majestic 21, management has concluded that the Company would not absorb a majority of Majestic 21's expected losses nor receive a majority of Majestic 21's expected residual returns; therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with FIN 46R. Management believes that the Company's maximum exposure to loss as a result of its involvement with Majestic 21 is its investment in the joint venture recorded in the accounts of Nobility Homes of \$1,667,661 as of November 3, 2007 and \$1,599,428 as of November 4, 2006. However, based on management's evaluation, there was no impairment of this investment at November 3, 2007 or November 4, 2006.

The Company is not obligated to repurchase any foreclosed/repossessed units of Majestic 21 as it does not have a repurchase agreement or any other guarantees with Majestic 21. The Company resells foreclosed/repossessed units of Majestic 21 through the Company's network of retail centers as we believe it benefits the historical loss experience of the joint venture. We earn commissions from reselling such foreclosed/repossessed units and have historically not recorded any material losses in connection with this activity.

Finance Revenue Sharing Agreement

The finance revenue sharing agreement is between 21st Mortgage Corporation, Prestige Home Centers, Inc. and Majestic Homes, Inc. and no separate entity has been formed. As a condition to the finance revenue sharing agreement, the Company has agreed to repurchase homes from defaulted loans which were financed under the agreement. However, the Company has no risk of loss. All expenses related to the repossession, foreclosure and liquidation are reimbursed by 21st Mortgage Corporation. No losses have been incurred in connection with the finance revenue sharing agreement.

Vendor Volume Rebates

The Company receives volume rebates from its vendors based upon reaching a certain level of purchased materials during a specified period of time. Volume rebates are estimated based upon annual purchases and are adjusted quarterly if the accrued volume rebate is applicable.

Dealer Volume Rebate

The Company pays a volume rebate to independent dealers based upon the dollar volume of homes purchased and paid for by the dealer in excess of a certain specific dollar amount during a specific time period. Dealer volume rebates are accrued when sales are recognized.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities ("VIE's"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of November 3, 2007, we are not involved in any material unconsolidated VIE transactions.

Contractual Obligations

The impact of our contractual obligations as of November 3, 2007 is expected to have on our liquidity and cash flow in future periods is as follows:

	Payments Due By Period		
	Total	Less Than 1 Year	1-3 Years
Operating lease obligations	\$374,396	\$282,496	\$91,900

Forward Looking Statements

Certain statements in this report are forward-looking statements within the meaning of the federal securities laws, including our statement that working capital requirements will be met with internal sources. Although Nobility believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, there are risks and uncertainties that may cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to, competitive pricing pressures at both the wholesale and retail levels, increasing material costs, continued excess retail inventory, increase in repossessions, changes in market demand, changes in interest rates, availability of financing for retail and wholesale purchasers, consumer confidence, adverse weather conditions that reduce sales at retail centers, the risk of manufacturing plant shutdowns due to storms or other factors, the impact of marketing and cost-management programs, reliance on the Florida economy, impact of labor shortage, impact of materials shortage, increasing labor cost, cyclical nature of the manufactured housing industry, impact of rising fuel costs, catastrophic events impacting insurance costs, availability of insurance coverage for various risks to Nobility, market demographics, management's ability to attract and retain executive officers and key personnel, increased global tensions, market disruptions resulting from terrorist or other attack and any armed conflict involving the United States and the impact of inflation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Certain of the Company's financial instruments are subject to market risk, including interest rate and equity price risks; however, due to the makeup of our investment portfolio this market risk is considered minimal. The Company manages its exposure to these risks through its regular operating and financing activities.

We do not engage in investing in or trading market risk sensitive financial instruments. We also do not purchase for investing, hedging, or for purposes "other than trading" financial instruments that are likely to expose us to significant market risk, whether interest rate, foreign currency, commodity price, or equity price risk. The Company's financial instruments are not currently subject to foreign currency or commodity risk. The Company has no financial instrument held for trading purposes.

We do not have any indebtedness as of November 3, 2007. If we were to borrow from our revolving credit agreement, we would be exposed to changes in interest rates. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Nobility Homes, Inc.
Ocala, Florida

We have audited the consolidated balance sheet of Nobility Homes, Inc. and Subsidiaries as of November 3, 2007, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nobility Homes, Inc. and Subsidiaries as of November 3, 2007, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

/s/ MCGLADREY & PULLEN, LLP
Orlando, Florida
January 30, 2008

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Nobility Homes, Inc.:

We have audited the consolidated balance sheet of Nobility Homes, Inc. and Subsidiaries as of November 4, 2006, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the two years in the period ended November 4, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nobility Homes, Inc. and Subsidiaries as of November 4, 2006, and the results of their operations and their cash flows for each of the two years in the period ended November 4, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ TEDDER, JAMES, WORDEN & ASSOCIATES, P.A.

Orlando, Florida

December 20, 2006

Consolidated Balance Sheets
November 3, 2007 and November 4, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,696,990	\$ 12,380,874
Short-term investments	544,271	440,205
Accounts receivable	846,868	379,370
Inventories	12,696,388	12,413,704
Prepaid income taxes	13,232	1,048,667
Prepaid expenses and other current assets	468,739	604,627
Deferred income taxes	404,776	228,222
Total current assets	<u>28,671,264</u>	<u>27,495,669</u>
Property, plant and equipment, net	3,867,279	3,911,983
Long-term investments	10,666,321	11,704,612
Other investments	1,917,661	1,849,428
Deferred income taxes	49,364	-
Other assets	2,280,010	2,173,332
Total assets	<u>\$ 47,451,899</u>	<u>\$ 47,135,024</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 642,484	\$ 879,698
Accrued compensation	544,970	1,003,064
Accrued expenses and other current liabilities	738,950	805,616
Income taxes payable	134,500	-
Customer deposits	1,466,037	2,763,510
Total current liabilities	<u>3,526,941</u>	<u>5,451,888</u>
Commitments and contingent liabilities (Note 13)		
Stockholders' equity:		
Preferred stock, \$.10 par value, 500,000 shares authorized; none issued and outstanding	-	-
Common stock, \$.10 par value, 10,000,000 shares authorized; 5,364,907 shares issued	536,491	536,491
Additional paid-in capital	9,999,799	9,885,647
Retained earnings	42,389,839	40,349,250
Accumulated other comprehensive income	234,724	169,819
Less treasury stock at cost, 1,277,763 and 1,282,764 shares, respectively, in 2007 and 2006	<u>(9,235,895)</u>	<u>(9,258,071)</u>
Total stockholders' equity	<u>43,924,958</u>	<u>41,683,136</u>
Total liabilities and stockholders' equity	<u>\$ 47,451,899</u>	<u>\$ 47,135,024</u>

The accompanying notes are an integral part of these financial statements.

Nobility Homes, Inc.

**Consolidated Statements of Income and Comprehensive Income
For the years ended November 3, 2007, November 4, 2006 and November 5, 2005**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net sales	\$ 40,622,897	\$ 59,957,571	\$ 56,710,925
Cost of goods sold	<u>(28,838,274)</u>	<u>(42,279,048)</u>	<u>(40,243,309)</u>
Gross profit	11,784,623	17,678,523	16,467,616
Selling, general and administrative expenses	<u>(7,460,667)</u>	<u>(9,129,613)</u>	<u>(8,125,206)</u>
Operating income	4,323,956	8,548,910	8,342,410
Other income:			
Interest income	814,683	780,103	598,904
Undistributed earnings in joint venture - Majestic 21	282,680	409,434	373,482
Earnings from finance revenue sharing agreement	579,700	317,900	-
Miscellaneous	<u>145,498</u>	<u>90,288</u>	<u>57,421</u>
Total other income	<u>1,822,561</u>	<u>1,597,725</u>	<u>1,029,807</u>
Income before provision for income taxes	6,146,517	10,146,635	9,372,217
Provision for income taxes	<u>(2,064,857)</u>	<u>(3,676,230)</u>	<u>(3,200,000)</u>
Net income	4,081,660	6,470,405	6,172,217
Other comprehensive income, net of tax:			
Unrealized investment gains	<u>64,905</u>	<u>17,976</u>	<u>96,239</u>
Comprehensive income	<u>\$ 4,146,565</u>	<u>\$ 6,488,381</u>	<u>\$ 6,268,456</u>
Weighted average number of shares outstanding			
Basic	4,084,691	4,049,172	4,043,394
Diluted	4,094,001	4,069,470	4,134,923
Earnings per share			
Basic	\$ 1.00	\$ 1.60	\$ 1.53
Diluted	\$ 1.00	\$ 1.59	\$ 1.49
Cash dividends paid per common share	\$ 0.50	\$ 0.30	\$ 0.20

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Stockholders' Equity
For the years ended November 3, 2007, November 4, 2006 and November 5, 2005

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at 11/6/2004	4,030,546	\$ 536,491	\$ 8,719,130	\$ 29,732,071	\$ 77,788	\$ (7,691,853)	\$ 31,373,627
Purchase of treasury stock	(24,200)	-	-	-	-	(494,925)	(494,925)
Exercise of employee stock options	52,143	-	(29,589)	-	-	441,650	412,061
Cash dividends paid	-	-	-	(807,826)	-	-	(807,826)
Income tax reduction due to the exercise of employee stock options	-	-	316,069	-	-	-	316,069
Payment of employee benefit plan expenses with treasury stock	236	-	-	-	-	2,000	2,000
Unrealized investment gains	-	-	-	-	96,239	-	96,239
Net income	-	-	-	6,172,217	-	-	6,172,217
Balance at 11/5/2005	4,058,725	536,491	9,005,610	35,096,462	174,027	(7,743,128)	37,069,462
Purchase of treasury stock	(89,175)	-	-	-	-	(2,363,381)	(2,363,381)
Exercise of employee stock options	112,593	-	53,868	-	-	848,438	902,306
Cash dividends paid	-	-	-	(1,217,617)	-	-	(1,217,617)
Income tax reduction due to the exercise of employee stock options	-	-	780,956	-	-	-	780,956
Stock option expense	-	-	45,213	-	-	-	45,213
Unrealized investment loss	-	-	-	-	(4,208)	-	(4,208)
Net income	-	-	-	6,470,405	-	-	6,470,405
Balance at 11/4/2006	4,082,143	536,491	9,885,647	40,349,250	169,819	(9,258,071)	41,683,136
Purchase of treasury stock	(720)	-	-	-	-	(14,848)	(14,848)
Exercise of employee stock options	5,721	-	11,658	-	-	37,024	48,682
Cash dividends paid	-	-	-	(2,041,071)	-	-	(2,041,071)
Stock option expense	-	-	102,494	-	-	-	102,494
Unrealized investment gains	-	-	-	-	64,905	-	64,905
Net income	-	-	-	4,081,660	-	-	4,081,660
Balance at 11/03/2007	4,087,144	\$ 536,491	\$ 9,999,799	\$ 42,389,839	\$ 234,724	\$ (9,235,895)	\$ 43,924,958

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows
For the years ended November 3, 2007, November 4, 2006 and November 5, 2005

	2007	2006	2005
Cash flows from operating activities:			
Net income	\$ 4,081,660	\$ 6,470,405	\$ 6,172,217
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	329,483	323,799	297,114
Amortization of bond premium	128,291	128,453	120,460
Deferred income taxes	(265,079)	(35,016)	291,695
Undistributed earnings in joint venture - Majestic 21	(282,680)	(409,434)	(373,482)
Distributions from joint venture - Majestic 21	214,447	379,500	-
Undistributed earnings from finance revenue sharing agreement	(579,700)	(317,900)	-
Distribution from finance revenue sharing agreement	579,700	317,900	-
Loss on disposal of property, plant and equipment	-	15,137	11,417
Increase in cash surrender value of life insurance	(106,678)	(101,470)	(82,980)
Stock option expense	102,494	45,213	-
Payment of employee expense with treasury stock	-	-	2,000
Decrease (increase) in:			
Accounts receivable	(467,498)	(128,994)	1,619,073
Inventories	(282,684)	(2,864,218)	(2,640,929)
Prepaid income taxes	1,035,435	(799,709)	(248,958)
Prepaid expenses and other current assets	135,888	(120,518)	(86,930)
(Decrease) increase in:			
Accounts payable	(237,214)	(510,520)	(103,945)
Accrued compensation	(458,094)	(308,790)	280,035
Accrued expenses and other current liabilities	(66,666)	(513,041)	340,809
Income taxes payable	134,500	780,956	(617,737)
Customer deposits	(1,297,473)	(1,201,009)	(363,128)
Net cash provided by operating activities	<u>2,698,132</u>	<u>1,150,744</u>	<u>4,616,731</u>
Cash flows from investing activities:			
Purchase of investments	-	-	(3,611,143)
Purchase of property, plant and equipment	(284,779)	(461,261)	(849,655)
Proceeds from maturity of investments	910,000	-	500,000
Proceeds from the sale of property, plant and equipment	-	1,900	14,608
Net cash provided by (used in) investing activities	<u>625,221</u>	<u>(459,361)</u>	<u>(3,946,190)</u>
Cash flows from financing activities:			
Payment of cash dividends	(2,041,071)	(1,217,617)	(807,826)
Proceeds from exercise of employee stock options	48,682	902,306	412,061
Purchase of treasury stock	(14,848)	(2,363,381)	(494,925)
Net cash used in financing activities	<u>(2,007,237)</u>	<u>(2,678,692)</u>	<u>(890,690)</u>
Increase (Decrease) in cash and cash equivalents	1,316,116	(1,987,309)	(220,149)
Cash and cash equivalents at beginning of year	<u>12,380,874</u>	<u>14,368,183</u>	<u>14,588,332</u>
Cash and cash equivalents at end of year	<u>\$ 13,696,990</u>	<u>\$ 12,380,874</u>	<u>\$ 14,368,183</u>
Supplemental disclosure of cash flow information:			
Income taxes paid	<u>\$ 1,160,000</u>	<u>\$ 3,730,000</u>	<u>\$ 3,817,000</u>
Non-cash investing and financing activities:			
Income tax reduction due to the exercise of employee stock options	<u>\$ -</u>	<u>\$ 780,956</u>	<u>\$ 316,069</u>

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

NOTE 1

Reporting Entity and Significant Accounting Policies

Description of Business and Principles of Consolidation – The consolidated financial statements include the accounts of Nobility Homes, Inc. ("Nobility"), its wholly-owned subsidiary, Prestige Home Centers, Inc. ("Prestige") and Prestige's wholly-owned subsidiaries, Mountain Financial, Inc., an independent insurance agency and mortgage broker, and Majestic Homes, Inc., (collectively the "Company"). The Company is engaged in the manufacture and sale of manufactured homes to various dealerships, including its own retail sales centers, and manufactured housing communities throughout Florida. The Company has two manufacturing plants located in and near Ocala, Florida. Prestige currently operates eighteen Florida retail sales centers: Ocala (3), St. Augustine, Chiefland, Tallahassee, Tampa, Lake City, Auburndale, Inverness, Hudson, Tavares, Jacksonville, Yulee, Fort Walton, Pace, Panama City and Punta Gorda.

All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year – The Company's fiscal year ends on the first Saturday on or after October 31. The years ended November 3, 2007, November 4, 2006 and November 5, 2005 consisted of fifty-two week periods.

Revenue Recognition – The Company recognizes revenue from its retail sales upon the occurrence of the following:

- its receipt of a down payment,
- construction of the home is complete,
- home has been delivered and set up at the retail home buyer's site, and title has been transferred to the retail home buyer,
- remaining funds have been released by the finance company (financed sales transaction), remaining funds have been committed by the finance company by an agreement with respect to financing obtained by the customer, usually in the form of a written approval for permanent home financing received from a lending institution, (financed construction sales transaction) or cash has been received from the home buyer (cash sales transaction), and
- completion of any other significant obligations.

The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home, and transferring title and risk of loss to the independent dealer. For wholesale shipments to independent dealers, the Company has no obligation to setup the home or to complete any other significant obligations.

The Company recognizes revenues from its wholly-owned subsidiary, Mountain Financial, Inc., as follows: commission income (and fees in lieu of commissions) is recorded as of the effective date of insurance coverage or the billing date, whichever is later. Commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received which, in many cases, is the Company's first notification of amounts earned due to the lack of policy and renewal information. Contingent commissions are recorded as revenue when received. Contingent commissions are commissions paid by insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. The data necessary for the calculation of contingent commissions cannot be reasonably obtained prior to the receipt of the commission which, in many cases, is the Company's first notification of amounts earned. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience, and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve is deemed necessary for policy cancellations at November 3, 2007 or November 4, 2006.

Investment in Majestic 21 – Majestic 21 was formed in 1997 as a joint venture with our joint venture partner, an unrelated entity (21st Mortgage Corporation ("21st Mortgage")). We have been allocated our share of net income and distributions on a 50/50 basis since Majestic 21's formation. While Majestic 21 has been deemed to be a variable interest entity, the Company

Nobility Homes, Inc.

Notes to Consolidated Financial Statements

only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and the Company's maximum exposure is limited to its investment in Majestic 21, management has concluded that the Company would not absorb a majority of Majestic 21's expected losses nor receive a majority of Majestic 21's expected residual returns; therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with FIN 46R. Management believes that the Company's maximum exposure to loss as a result of its involvement with Majestic 21 is its investment in the joint venture recorded in the accounts of Nobility Homes of \$1,667,661 as of November 3, 2007 and \$1,599,428 as of November 4, 2006. However, based on management's evaluation, there was no impairment of this investment at November 3, 2007 or November 4, 2006.

The Company is not obligated to repurchase any foreclosed/repossessed units of Majestic 21 as it does not have a repurchase agreement or any other guarantees with Majestic 21. The Company does resell foreclosed/repossessed units of Majestic 21 through the Company's network of retail centers as we believe it benefits the historical loss experience of the joint venture. We earn commissions from reselling such foreclosed/repossessed units and have historically not recorded any losses in connection with this activity.

Finance Revenue Sharing Agreement – During fiscal 2004, the Company transferred \$250,000 from its existing joint venture in Majestic 21 in order to participate in a finance revenue sharing agreement between 21st Mortgage Corporation, Prestige Homes, Inc., and Majestic Homes, Inc. without forming a separate entity. In connection with this finance revenue sharing agreement, mortgage financing will be provided on manufactured homes sold through the Company's retail centers to customers who qualify for such mortgage financing. As a condition to the finance revenue sharing agreement, the Company has agreed to repurchase homes from defaulted loans which were financed under the agreement. However, the Company has no risk of loss. All expenses related to the repossession, foreclosure, and liquidation are reimbursed by 21st Mortgage Corporation. No losses have been incurred in connection with the finance revenue sharing agreement.

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. As of November 3, 2007 and November 4, 2006, approximately \$9,329,000 and \$9,844,000, respectively, of the cash and cash equivalents were held in the form of municipal and other debt securities. All of the municipal and other debt securities are held by one trustee bank, are backed by letters of credit provided by the issuers and are due on demand at the original purchase price paid by the Company.

Accounts Receivable – Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is provided based on prior collection experiences and management's analysis of specific accounts. At November 3, 2007 and November 4, 2006, in the opinion of management, all accounts were considered fully collectible and, accordingly, no allowance was deemed necessary.

Investments – The Company's investments consist of municipal and other debt securities as well as equity securities of a public company. Investments with maturities of less than one year are classified as short-term investments. Debt securities that the Company has the positive intent and ability to hold until maturity are accounted for as "held-to-maturity" securities and are carried at amortized cost. Premiums and discounts on investments in debt securities are amortized over the contractual lives of those securities. The method of amortization results in a constant effective yield on those securities (the interest method). The Company's equity investment in a public company is classified as "available-for-sale" and carried at fair value. Unrealized gains on the available-for-sale securities, net of taxes, are recorded in accumulated other comprehensive income.

The Company continually reviews its investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the accompanying consolidated statements of income and other comprehensive income.

Inventories – Inventories are carried at the lower of cost or market. Cost of finished home inventories is determined on the specific identification method. Other inventory costs are determined on a first-in, first-out basis.

Property, Plant And Equipment – Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine maintenance and repairs are charged to expense when incurred. Major replacements and improvements are capitalized. Gains or losses are credited or charged to earnings upon disposition.

Notes to Consolidated Financial Statements

Other Investments – The Company owns a 50% interest in a joint venture, Majestic 21, engaged in providing mortgage financing on manufactured homes. This investment is accounted for using the equity method of accounting (see Note 3). The Company also participates in a finance revenue sharing agreement with Majestic 21 in providing mortgage financing on manufactured homes sold through the Company's retail sales centers (see Note 3). In connection with the finance revenue sharing agreement, the Company has made a deposit of \$250,000, which is included in other investments in the accompanying consolidated balance sheets.

Impairment of Long-Lived Assets – In the event that facts and circumstances indicate that the carrying value of a long-lived asset may be impaired, an evaluation of recoverability is performed by comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down is required. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Warranty Costs – The Company provides for a warranty as the manufactured homes are sold. Amounts related to these warranties for fiscal years 2007, 2006 and 2005 are as follows:

	2007	2006	2005
Beginning accrued warranty expense	\$ 215,000	\$ 215,000	\$ 185,000
Less: reduction for payments	(897,307)	(1,058,284)	(861,000)
Plus: additions to accrual	897,307	1,058,284	891,000
Ending accrued warranty expense	<u>\$ 215,000</u>	<u>\$ 215,000</u>	<u>\$ 215,000</u>

Accrued home setup costs – Accrued home setup costs represent amounts due to vendors and/or independent contractors for various items related to the actual setup of the homes on the retail home buyers' site. These costs include appliances, air conditioners, electrical/plumbing hook-ups, furniture, insurance, impact/permit fees, land/home fees, extended service plan, freight, skirting, steps, well and septic tanks and other setup costs and are included in accrued expenses in the accompanying consolidated balance sheets (see Note 7).

Fair Value of Financial Instruments – The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments. The carrying amount and fair market value of the Company's short and long-term investments at November 3, 2007 and November 4, 2006 are as follows:

	2007	2006
Carrying amount	\$ 11,210,592	\$ 12,144,817
Fair value	11,150,224	11,997,345

Stock-Based Compensation – At November 3, 2007, the Company had a stock incentive plan (the "Plan") which authorizes the issuance of options to purchase common stock. Prior to November 6, 2005, the Company accounted for the Plan under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issue to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*. No stock-based employee compensation cost was recognized in the Statement of Income and Comprehensive Income for the year ended November 5, 2005 as all options granted under the Plan had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective November 5, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Compensation cost recognized for the years ended November 3, 2007 and November 4, 2006 includes compensation cost for all share-based payments granted prior to, but not yet vested as of November 5, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and compensation cost for all share-based payments granted subsequent to November 6, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). Results for prior periods have not been restated to reflect the impact of adopting SFAS No. 123(R).

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value

Nobility Homes, Inc.

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recognition provisions of SFAS No. 123 to options granted under the Company's stock option plans in all periods presented. For purposes of this pro forma disclosure, the value of the options is estimated using a Black-Scholes option-pricing model and amortized to expense over the options' vesting periods.

	<u>2005</u>
Net income, as reported	\$ 6,172,217
Deduct: Total stock-based employee compensation expense determined under fair value based method net of related tax effects	<u>(21,052)</u>
Pro forma net income	<u>\$ 6,151,165</u>
Basic earnings per share:	
As reported	\$ 1.53
Pro forma	\$ 1.52
Diluted earnings per share:	
As reported	\$ 1.49
Pro forma	\$ 1.49

Rebate Program – The Company has a rebate program for all dealers which pays rebates based upon sales volume to the dealers. Volume rebates are recorded as a reduction of sales in the accompanying consolidated financial statements. The rebate liability is calculated and recognized as eligible homes are sold based upon factors surrounding the activity and prior experience of specific dealers and is included in accrued expenses in the accompanying consolidated balance sheets (see Note 7).

Advertising – Advertising for Prestige retail sales centers consists primarily of newspaper, radio and television advertising. All costs are expensed as incurred. Advertising expense amounted to approximately \$683,000, \$620,000 and \$458,000 for fiscal years 2007, 2006 and 2005, respectively.

Income Taxes – The Company accounts for income taxes utilizing the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings per Share – These financial statements include "basic" and "diluted" earnings per share information for all periods presented. Basic earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding. Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding, adjusted for dilutive common shares. Diluted earnings per share calculations include dilutive common share stock options of 9,310, 20,298 and 91,529 for fiscal years 2007, 2006 and 2005, respectively.

Shipping and Handling Costs – Net sales include the revenue related to shipping and handling charges billed to customers. The related costs associated with shipping and handling are included as a component of cost of goods sold.

Comprehensive Income – Comprehensive income includes net income as well as other comprehensive income. The Company's other comprehensive income consists of unrealized gains on available-for-sale securities, net of related taxes.

Segments – The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information on a company-wide or consolidated basis. Accordingly, the Company accounts for its operations in accordance with SFAS

Notes to Consolidated Financial Statements

No. 131, "Disclosures about Segments of an Enterprise and Related Information." No segment disclosures have been made as the Company considers its business activities as a single segment.

Recent Accounting Pronouncements -- In June 2006, the FASB issued FASB Interpretation Number 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes -- an interpretation of FASB Statement No. 109." The interpretation contains a two step approach to recognizing and measuring uncertain tax positions accounted for in accordance with SFAS No. 109. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company is required to adopt FIN 48 at the beginning of fiscal year 2008. The Company is evaluating the impact this statement will have on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements. The Company is required to adopt SFAS No. 157 effective at the beginning of fiscal year 2009. The Company is evaluating the impact this statement will have on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 provides all entities with an option to report selected financial assets and liabilities at fair value. The Statement's effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007, with early adoption available in certain circumstances. The Company is evaluating the impact this statement will have on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) ("SFAS 141R"), "Business Combinations" and SFAS No. 160 ("SFAS 160"), "Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51". SFAS 141R will change how business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. SFAS 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS 141R and SFAS 160 are effective for us beginning in the first quarter of fiscal 2010. Early adoption is not permitted. The Company is evaluating the impact these statements will have on its consolidated financial statements.

NOTE 2 Investments

Investments in "held-to-maturity" and "available-for-sale" debt and equity securities at November 3, 2007 and November 4, 2006 were as follows:

	November 3, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held-to-maturity securities (carried at amortized cost):				
Municipal securities	\$ 10,666,321	\$ 9,727	\$ (70,095)	\$ 10,605,953
Available-for-sale securities (carried at fair value):				
Equity securities in a public company	165,519	378,752	-	544,271
Total investments	<u>\$ 10,831,840</u>	<u>\$ 388,479</u>	<u>\$ (70,095)</u>	<u>\$ 11,150,224</u>

Nobility Homes, Inc.

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	November 4, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held-to-maturity securities (carried at amortized cost):				
Municipal securities	\$ 11,704,612	\$ 1,221	\$ (148,693)	\$ 11,557,140
Available-for-sale securities (carried at fair value):				
Equity securities in a public company	165,519	274,686	-	440,205
Total investments	<u>\$ 11,870,131</u>	<u>\$ 275,907</u>	<u>\$ (148,693)</u>	<u>\$ 11,997,345</u>

The fair values were estimated based on quoted market prices using current market rates at each respective period end.

Contractual maturities of "held-to-maturity" debt securities at November 3, 2007 and November 4, 2006 were as follows:

	November 3, 2007		November 4, 2006	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Due in less than one year	\$ 2,448,418	\$ 2,434,841	\$ 933,390	\$ 919,342
Due in 1 - 5 years	8,217,903	8,171,112	10,232,298	10,099,453
Due in 5 - 10 years	-	-	538,924	538,345
	<u>\$ 10,666,321</u>	<u>\$ 10,605,953</u>	<u>\$ 11,704,612</u>	<u>\$ 11,557,140</u>

There were no sales of "available-for-sale" securities during the fiscal years 2007 or 2006.

The unrealized losses on municipal securities were primarily due to changes in interest rates. Because the decline in market values of these securities is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be until maturity, the Company does not believe any of the unrealized losses represent other than temporary impairment based on evaluations of available evidence as of November 3, 2007. All municipal securities were in an unrealized loss position for 12 months or longer as of November 3, 2007.

A summary of the carrying values and balance sheet classification of all investments in debt and equity securities including "held-to-maturity" and "available-for-sale" securities disclosed above was as follows:

	November 3, 2007	November 4, 2006
Available-for-sale equity securities	\$ 544,271	\$ 440,205
Short-term investments	544,271	440,205
Held-to-maturity debt securities included in long-term investments	10,666,321	11,704,612
Total investments	<u>\$ 11,210,592</u>	<u>\$ 12,144,817</u>

Notes to Consolidated Financial Statements

NOTE 3 Related Party Transactions***Affiliated Entities***

TLT, Inc. -- The President and Chairman of the Board of Directors ("President") and the Executive Vice President each own 50% of the stock of TLT, Inc. TLT, Inc. is the general partner of limited partnerships which are developing manufactured housing communities in Central Florida (the "TLT Communities"). The President owns between a 24.75% and a 49.5% direct and indirect interests in each of these limited partnerships. The Executive Vice President owns between a 49.5% and a 57.75% direct and indirect interests in each of these limited partnerships. The TLT Communities have purchased manufactured homes exclusively from the Company since 1990.

Investment in Joint Venture – Majestic 21 -- During fiscal 1997, the Company contributed \$250,000 for a 50% interest in a joint venture engaged in providing mortgage financing on manufactured homes. This investment is accounted for under the equity method of accounting.

While Majestic 21 has been deemed to be a variable interest entity, the Company only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and the Company's maximum exposure is limited to its investment in Majestic 21, management has concluded that the Company would not absorb a majority of Majestic 21's expected losses nor receive a majority of Majestic 21's expected residual returns; therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with FIN 46R.

The following is summarized financial information of the Company's joint venture:

	November 3, 2007	November 4, 2006	November 5, 2005
Total Assets	\$ 9,709,794	\$ 10,726,399	\$ 12,361,812
Total Liabilities	\$ 6,374,473	\$ 7,527,543	\$ 9,347,627
Total Equity	\$ 3,335,321	\$ 3,198,856	\$ 3,014,185
Net Income	\$ 690,152	\$ 818,868	\$ 746,961

Distributions received from the joint venture amounted to \$214,447, \$379,500 and \$0 in fiscal years 2007, 2006 and 2005, respectively.

Finance Revenue Sharing Agreement -- During fiscal 2004, the Company transferred \$250,000 from its existing joint venture in Majestic 21 in order to participate in a finance revenue sharing agreement between 21st Mortgage Corporation, Prestige Home Centers, Inc. and Majestic Homes, Inc. without forming a separate entity. In connection with this finance revenue sharing agreement, mortgage financing will be provided on manufactured homes sold through the Company's retail sales centers to customers who qualify for such mortgage financing.

As a condition to the finance revenue sharing agreement, the Company has agreed to repurchase homes from defaulted loans which were financed under the agreement. However, the Company has no risk of loss. All expenses related to the repossession, foreclosure, and liquidation are reimbursed by 21st Mortgage Corporation. No losses have been incurred in connection with the finance revenue sharing agreement.

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NOTE 4 Inventories

Inventories at November 3, 2007 and November 4, 2006 are summarized as follows:

	<u>2007</u>	<u>2006</u>
Raw materials	\$ 863,179	\$ 1,087,337
Work-in-process	151,859	157,230
Finished homes	10,952,741	10,578,554
Pre-owned manufactured homes	461,371	414,675
Model home furniture	<u>267,238</u>	<u>175,908</u>
	<u>\$ 12,696,388</u>	<u>\$ 12,413,704</u>

The finished homes, pre-owned manufactured homes and model home furniture are maintained at the Prestige retail sales centers.

NOTE 5 Property, Plant and Equipment

Property, plant and equipment, along with their estimated useful lives and related accumulated depreciation, as of November 3, 2007 and November 4, 2006 are summarized as follows:

	Range of Lives in Years	<u>2007</u>	<u>2006</u>
Land	-	\$ 1,599,135	\$ 1,599,135
Land improvements	10-20	957,920	917,717
Buildings and improvements	15-40	2,544,540	2,387,531
Machinery and equipment	3-10	1,296,080	1,255,601
Furniture and fixtures	3-10	<u>485,015</u>	<u>464,408</u>
		6,882,690	6,624,392
Less accumulated depreciation		<u>(3,015,411)</u>	<u>(2,712,409)</u>
		<u>\$ 3,867,279</u>	<u>\$ 3,911,983</u>

Depreciation expense totaled approximately \$329,000, \$324,000 and \$297,000 for fiscal years 2007, 2006 and 2005, respectively.

NOTE 6 Other Assets

Other assets at November 3, 2007 and November 4, 2006 are comprised of the following:

	<u>2007</u>	<u>2006</u>
Cash surrender value of life insurance	\$ 1,981,302	\$ 1,874,624
Other	<u>298,708</u>	<u>298,708</u>
	<u>\$ 2,280,010</u>	<u>\$ 2,173,332</u>

Nobility Homes, Inc.

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NOTE 7 Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at November 3, 2007 and November 4, 2006 are comprised of the following:

	<u>2007</u>	<u>2006</u>
Accrued warranty expense	\$ 215,000	\$ 215,000
Accrued home setup costs	208,702	94,105
Other accrued expenses	199,248	136,870
Accrued sales taxes	116,000	278,380
Accrued volume rebate	-	81,261
	<u>\$ 738,950</u>	<u>\$ 805,616</u>

NOTE 8 Income Taxes

The provision for income taxes for the years ended November 3, 2007, November 4, 2006 and November 5, 2005 consists of the following:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current tax expense:			
Federal	\$ 2,011,955	\$ 3,106,258	\$ 2,715,700
State	317,981	575,101	468,000
	<u>2,329,936</u>	<u>3,681,359</u>	<u>3,183,700</u>
Deferred tax (benefit) expense	<u>(265,079)</u>	<u>(5,129)</u>	<u>16,300</u>
Provision for income taxes	<u>\$ 2,064,857</u>	<u>\$ 3,676,230</u>	<u>\$ 3,200,000</u>

The following table shows the reconciliation between the statutory federal income tax rate and the actual provision for income taxes for the years ended November 3, 2007, November 4, 2006 and November 5, 2005:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Provision - federal statutory tax rate	\$ 2,089,816	\$ 3,449,856	\$ 3,186,500
Increase (decrease) resulting from:			
State taxes, net of federal tax benefit	201,821	379,381	309,400
Permanent differences:			
Tax exempt interest	(226,690)	(232,899)	(224,000)
Tax settlement (Note 13)	134,500	-	-
Other	<u>(134,590)</u>	<u>79,892</u>	<u>(71,900)</u>
Provision for income taxes	<u>\$ 2,064,857</u>	<u>\$ 3,676,230</u>	<u>\$ 3,200,000</u>

The types of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts and the related deferred tax assets and deferred tax liabilities are as follows:

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	<u>2007</u>	<u>2006</u>
Gross deferred tax assets:		
Allowance for doubtful accounts	\$ 87,300	\$ 87,300
Inventories	86,700	63,900
Investments	107,500	-
Other assets	149,852	139,396
Accrued expenses	80,900	80,900
Stock compensation	52,640	17,014
Total deferred tax assets	<u>564,892</u>	<u>388,510</u>
Gross deferred tax liabilities:		
Depreciation	(60,742)	(87,195)
Amortization	(50,010)	(36,980)
Investments	-	(36,113)
Net deferred tax assets	<u>\$ 454,140</u>	<u>\$ 228,222</u>

These amounts are included in the accompanying consolidated balance sheets under the following captions:

	<u>2007</u>	<u>2006</u>
Current assets:		
Deferred tax assets	\$ 404,776	\$ 228,222
Non-current assets:		
Deferred tax assets	<u>49,364</u>	<u>-</u>
Net deferred tax assets	<u>\$ 454,140</u>	<u>\$ 228,222</u>

The Company believes that it is more likely than not that the net deferred tax assets of \$454,140 at November 3, 2007 will be realized on future tax returns, primarily from the generation of future taxable income.

NOTE 9 Financing Agreements

Revolving Credit Agreement – The Company maintains a revolving credit agreement (the "Agreement") with a bank which provides for borrowings of up to \$4,000,000. The Agreement provides for interest at the bank prime rate less 0.5% (7.0% at November 3, 2007) on the outstanding balance. The Agreement is uncollateralized, due on demand and includes certain restrictive covenants relating to tangible net worth and acquiring new debt. There are no commitment fees or compensating balance arrangements associated with the Agreement. At November 3, 2007 and November 4, 2006, there were no borrowings outstanding under the Agreement.

NOTE 10 Stockholders' Equity

Authorized preferred stock may be issued in series with rights and preferences designated by the Board of Directors at the time it authorizes the issuance of such stock. The Company has never issued any preferred stock. Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the accompanying consolidated financial statements. The Company repurchased 720, 89,175 and 24,200 shares of its common stock during fiscal years 2007, 2006 and 2005, respectively. These shares were acquired for general corporate purposes. The Company reissued 5,721, 112,593 and 52,379 shares of treasury stock during fiscal years 2007, 2006 and 2005, respectively, for employee stock option exercises and the payment of employee benefit plan expenses.

NOTE 11 Stock Option Plan

During fiscal 1996, the Company's Board of Directors adopted a stock incentive plan (the "Plan"), which authorizes the issuance of options to purchase common stock. The Plan provides for the issuance of options to purchase up to 495,000

Notes to Consolidated Financial Statements

shares of common stock to employees and directors. Options granted are exercisable after one or more years and expire no later than six to ten years from the date of grant or upon termination of employment, retirement or death. Options available for future grant were 361,971 and 391,028 at November 3, 2007 and November 4, 2006. Options were held by 16 persons at November 3, 2007.

Prior to November 6, 2005, the Company accounted for the Plan under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issue to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*. For fiscal 2007 and 2006, the Company adopted SFAS 123R, which revised Statement of Financial Accounting Standard No. 123 "Share-Based Payment". SFAS 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is to be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). The grant date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. During 2007 and 2006, the Company recognized approximately \$102,500 and \$45,200 in compensation cost and additional paid in capital related to stock options.

Information with respect to options granted at November 3, 2007 is as follows:

	Number of Shares	Stock Option Price Range	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at 11/6/2004	193,808	\$ 5.50 - 11.42	\$ 8.26	
Granted	26,400	23.76	23.76	
Exercised	(52,143)	5.50 - 11.42	7.89	
Canceled	(2,150)	6.00 - 11.42	9.58	
Outstanding at 11/5/2005	165,915	6.00 - 23.76	10.82	
Granted	50,650	26.56	26.56	
Exercised	(112,593)	6.00 - 23.76	8.01	
Outstanding at 11/4/2006	103,972	8.30 - 26.56	21.53	
Granted	44,500	26.38	26.38	
Exercised	(5,721)	8.30 - 11.42	8.54	
Canceled	(9,722)	8.83 - 26.56	19.23	
Outstanding at 11/3/2007	133,029	\$ 8.20 - 26.56	\$ 23.88	\$ 151,783

The weighted-average grant-date fair value of options granted during fiscal years 2007, 2006, and 2005 was \$6.59, \$7.66 and \$6.40, respectively. The total intrinsic value of options exercised during the years ended November 3, 2007, November 4, 2006 and November 5, 2005 was approximately \$82,400, \$2,092,600, and \$827,300, respectively.

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The following table summarizes information about the Plan's stock options at November 3, 2007:

Options Outstanding			Options Exercisable			
Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
\$ 8.30	500	1	\$ 8.30	500	\$ 8.30	
8.83	5,850	2	8.83	4,095	8.83	
11.42	11,169	3	11.42	5,026	11.42	
23.76	23,760	4	23.76	5,940	23.76	
26.56	47,250	5	26.56	4,725	26.56	
26.38	44,500	6	26.38	-	26.38	
	<u>133,029</u>	<u>5</u>	<u>\$ 23.88</u>	<u>20,286</u>	<u>\$ 17.96</u>	<u>\$23,735</u>

The fair value of each option is determined using the Black-Scholes option-pricing model which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments, and the risk-free interest rate over the expected life of the option. The dividend yield was calculated by dividing the current annualized dividend by the option exercise price for each grant. The expected volatility was determined considering the Company's historical stock prices for the fiscal year the grant occurred and prior fiscal years for a period equal to the expected life of the option. The risk-free interest rate was the rate available on zero coupon U.S. government obligations with a term equal to the expected life of the option. The expected life of the option was estimated based on the exercise history from previous grants.

The weighted-average assumptions used in the Black-Scholes model were as follows:

	Stock Option Granted in Fiscal Year		
	2007	2006	2005
Risk-free interest rate	4.7%	4.3%	4.0%
Expected volatility of stock	34%	33%	34%
Dividend yield	1.9%	1.3%	1.2%
Expected option life	2 – 4 years	2 – 4 years	2 – 4 years

As of November 3, 2007, there is approximately \$670,700 of total unrecognized compensation cost related to nonvested share based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted average period of 4.18 years.

NOTE 12 Employee Benefit Plan

The Company has a defined contribution retirement plan (the "Plan") qualifying under Section 401(k) of the Internal Revenue Code. The Plan covers employees who have met certain service requirements. The Company makes a matching contribution of 20% of an employee's contribution up to a maximum of 6% of an employee's compensation. The Company's contribution charged to operations was approximately \$45,000, \$50,000 and \$40,000 in fiscal years 2007, 2006 and 2005, respectively.

NOTE 13 Commitments and Contingent Liabilities

Operating Leases – The Company leases the property for several Prestige retail sales centers from various unrelated entities under operating lease agreements expiring through November 2009. The Company also leases certain equipment under unrelated operating leases. These leases have varying renewal options. Total rent expense for operating leases, including those with terms of less than one year, amounted to approximately \$585,000, \$568,000 and \$509,000 in fiscal years 2007,

Notes to Consolidated Financial Statements

2006 and 2005, respectively.

Future minimum payments by year and in the aggregate, under the aforementioned leases and other non-cancelable operating leases with initial or remaining terms in excess of one year, as of November 3, 2007 are as follows:

Fiscal Year Ending

2008	\$	282,496
2009		81,900
2010		10,000

Repurchase Agreements – The Company is contingently liable under terms of repurchase agreements with financial institutions providing covering dealer floor plan financing arrangements for independent dealers of its manufactured homes. These arrangements, which are customary in the industry, provide for the repurchase of homes sold to independent dealers in the event of default by the independent dealer. The price the Company is obligated to pay declines over the period of the repurchase agreement (generally 18-24 months) and the risk of loss is further reduced by the sales value of any homes which may be required to be repurchased. The contingent liability under these repurchase agreements is on an individual unit basis and amounted to approximately \$539,000 and \$1,397,000 at November 3, 2007 and November 4, 2006, respectively. The Company applies FASB Interpretation ("FIN") No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 3 and SFAS No. 5, Accounting for Contingencies to account for its liability for repurchase commitments. Under the provisions of FIN 45, during the period in which a home is sold (inception of a repurchase commitment), the Company records the greater of the estimated fair value of the non-contingent obligation or a contingent liability under the provisions of SFAS No. 5, based on historical information available at the time, as a reduction to revenue. Additionally, subsequent to the inception of the repurchase commitment, the Company evaluates the likelihood that it will be called on to perform under the inventory repurchase commitments. If it becomes probable that a dealer will default and a SFAS No. 5 loss reserve should be recorded, then such contingent liability is recorded equal to the estimated loss on repurchase. Based on identified changes in dealers' financial conditions, the Company evaluates the probability of default for the group of dealers who are identified at an elevated risk of default and applies a probability of default to the group, based on historical default rates. Changes in the reserve, if any, are recorded as an adjustment to revenue. Following the inception of the commitment, the recorded reserve, if any, is reduced over the repurchase period and is eliminated once the dealer sells the home. Based upon management's analysis, the fair value of the guarantee related to the Company's repurchase agreements is not material and no amounts have been recorded related to the fair value of the guarantee in the accompanying consolidated financial statements. In addition, there were no homes repurchased under any of the Company's repurchase agreements in fiscal years 2007, 2006 and 2005.

Income Tax Matters – The Company has been subject to an ongoing Internal Revenue Service ("IRS") examination for the years ended November 6, 2004 and November 1, 2003. During fiscal 2007, the Company settled with the IRS for approximately \$134,500 which is included in income taxes payable at November 3, 2007. The amount was paid by the Company to the IRS subsequent to November 3, 2007.

Other Contingent Liabilities – Certain claims and suits arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company does not maintain casualty insurance on some of our property, including the inventory at our retail centers, our plant machinery and plant equipment and is at risk for those types of losses.

Nobility Homes, Inc.

Notes to Consolidated Financial Statements

NOTE 14 Quarterly Financial Summary (Unaudited)

Following is a summary of the unaudited interim results of operations for each quarter in the years ended November 3, 2007 and November 4, 2006.

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Year ended November 3, 2007				
Net sales	\$ 8,803,033	\$ 10,323,420	\$ 10,739,808	\$ 10,756,636
Cost of goods sold	(6,423,824)	(7,282,248)	(7,532,895)	(7,599,307)
Net income	731,395	1,070,375	1,155,288	1,124,602
Earnings per share				
Basic	0.18	0.26	0.28	0.28
Diluted	0.18	0.26	0.28	0.28
Dividends per common share	0.50	-	-	-
	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Year ended November 4, 2006				
Net sales	\$ 13,750,595	\$ 16,689,420	\$ 14,892,813	\$ 14,624,743
Cost of goods sold	9,637,560	11,741,282	10,587,681	10,312,525
Net income	1,490,437	1,918,627	1,675,219	1,386,122
Earnings per share				
Basic	0.37	0.47	0.42	0.34
Diluted	0.36	0.46	0.41	0.34
Dividends per common share	0.30	-	-	-

The sum of quarterly earnings per share amounts does not necessarily equal earnings per share for the year.

NOTE 15 Subsequent Event

Subsequent to November 3, 2007, the Company's Board of Directors declared an annual cash dividend of \$0.50 per common share, paid on January 11, 2008 to stockholders of record as of January 2, 2008.

Subsequent to November 3, 2007, the Company invested \$6,390,000 to obtain 49% limited partner interests in two new Florida retirement manufactured home communities.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On June 5, 2007, Nobility Homes, Inc. was notified that certain partners of Tedder, James, Worden & Associates, P.A., the Company's independent registered certified public accounting firm, had joined McGladrey & Pullen, LLP and that, as a result, effective June 5, 2007 Tedder, James, Worden & Associates, P.A. resigned as independent registered auditor for the Company. The decision to engage McGladrey & Pullen, LLP was approved by the audit committee of the board of directors on June 8, 2007.

There were no disagreements with accountants on accounting and financial disclosure matters.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a – 15e and 15d – 15e under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report (the "Evaluation Date"). Based on their evaluation as of the fiscal year covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in this report was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that the information required to be disclosed in this report was accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There were no significant changes in our internal controls over financial reporting that occurred during the fourth quarter of fiscal 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 9B. Other Information

None.

PART III**Item 10. Directors, Executive Officers and Corporate Governance**

Information concerning Nobility's directors is incorporated by reference pursuant to Instruction G of Form 10-K from its definitive proxy statement for the 2008 annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A on or before March 2, 2008.

The following table provides the names, ages and business experience for the past five years for each of Nobility's executive officers. Executive officers are each elected for one year terms.

Executive Officers

Terry E. Trexler (68)	Chairman of the Board and President of Nobility for more than five years; Mr. Trexler is also President of TLT, Inc.
Thomas W. Trexler (44)	Executive Vice President and Chief Financial Officer of Nobility since December 1994; President of Prestige Home Centers, Inc. since June 1995; Director of Prestige since 1993 and Vice President from 1991 to June 1995; President of Mountain Financial, Inc. since August 1992; Vice President of TLT, Inc. since September 1991.
Jean Etheredge (62)	Secretary.
Lynn J. Cramer, Jr. (62)	Treasurer.

Thomas W. Trexler, Executive Vice President, Chief Financial Officer and a director, is the son of Terry E. Trexler, Nobility's President and Chairman of the Board. There are no other family relationships between any directors or executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Information concerning the Section 16(a) Beneficial Ownership Reporting Compliance of Nobility's officers, directors and 10% shareholders is incorporated by reference pursuant to Instruction G of Form 10-K from its definitive proxy statement for the 2008 annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A on or before March 2, 2008.

Code of Ethics

We have adopted a code of ethics that applies to the principal executive officer, principal financial officer, executive vice presidents and controller. The code has been designed in accordance with provisions of the Sarbanes-Oxley Act of 2002, to promote honest and ethical conduct. The code is included as an exhibit to this annual report.

Our code of ethics is available on our website at www.nobilityhomes.com. You may also obtain a copy of the Nobility Homes, Inc. Code of Ethics, at no cost, by forwarding a written request to the Secretary of Nobility at Post Office Box 1659, Ocala, Florida 34478.

Item 11. Executive Compensation

Information concerning executive compensation is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2008 annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A on or before March 2, 2008.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information concerning security ownership of certain beneficial owners and management is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2008 annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A on or before March 2, 2008.

Item 13. Certain Relationships, Related Transactions and Director Independence

Information concerning certain relationships and related transactions is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2008 annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A on or before March 2, 2008.

Item 14. Principal Accountant Fees and Services

Information concerning principal accountant fees and services is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2008 annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A on or before March 2, 2008.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Consolidated Financial Statements and Schedules:

Report of McGladrey & Pullen, LLP

Report of Tedder, James, Worden & Associates, P.A.

Consolidated Balance Sheets at November 3, 2007 and November 4, 2006

Consolidated Statements of Income and Comprehensive Income for the Years Ended November 3, 2007, November 4, 2006 and November 5, 2005

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended November 3, 2007, November 4, 2006 and November 5, 2005

Consolidated Statements of Cash Flows for the Years Ended November 3, 2007, November 4, 2006 and November 5, 2005

Notes to Consolidated Financial Statements

(b) Reports on Form 8-K:

None

(c) Exhibits:

3. (a) Nobility's Articles of Incorporation, as amended (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).
- (b) Bylaws, as amended March 28, 1994, (filed as an exhibit to Nobility's Form 10-KSB for the fiscal year ended October 29, 1994 and incorporated herein by reference.)
10. (a) Joint Venture Agreement with 21st Century Mortgage Corporation (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).
- (b) Stock Incentive Plan (filed as an exhibit to Nobility's registration statement on Form S-8, registration no. 333-44769 and incorporated herein by reference).
- (c) Revolving Credit Agreement dated April 18, 2001 with SunTrust Bank, a Georgia state-chartered bank (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 3, 2001 and incorporated herein by reference).
- (d) Agreement dated September 7, 2001 between Nobility and Terry E. Trexler relating to use of life insurance proceeds (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 3, 2001 and incorporated herein by reference).
14. Nobility's Code of Ethics (filed as an exhibit to Nobility's form 10-K for the fiscal year ended November 5, 2005 and incorporated herein by reference).
21. Subsidiaries of Nobility.
- 23.1 Consent of McGladrey & Pullen, LLP
- 23.2 Consent of Tedder, James, Worden & Associates, P.A.
31. (a) Written Statement of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- (b) Written Statement of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
32. (a) Written Statement of Chief Executive Officer pursuant to 18 U.S.C. §1350.
- (b) Written Statement of Chief Financial Officer pursuant to 18 U.S.C. §1350.

* Management Remuneration Plan.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOBILITY HOMES, INC.

DATE: January 30, 2008

By: /s/ Terry E. Trexler

Terry E. Trexler, Chairman,
President and Chief Executive Officer

DATE: January 30, 2008

By: /s/ Thomas W. Trexler

Thomas W. Trexler, Executive Vice President,
and Chief Executive Officer

DATE: January 30, 2008

By: /s/ Lynn J. Cramer, Jr.

Lynn J. Cramer, Jr., Treasurer
and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

DATE: January 30, 2008

By: /s/ Terry E. Trexler

Terry E. Trexler, Director

DATE: January 30, 2008

By: /s/ Richard C. Barberie

Richard C. Barberie, Director

DATE: January 30, 2008

By: /s/ Robert Holliday

Robert Holiday, Director

DATE: January 30, 2008

By: /s/ Robert P. Saltsman

Robert P. Saltsman, Director

DATE: January 30, 2008

By: /s/ Thomas W. Trexler

Thomas W. Trexler, Director

Exhibit Index

- 3. (a) Nobility's Articles of Incorporation, as amended (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).
- (b) Bylaws, as amended March 28, 1994, (filed as an exhibit to Nobility's Form 10-KSB for the fiscal year ended October 29, 1994 and incorporated herein by reference.)
- 10. (a) Joint Venture Agreement with 21st Century Mortgage Corporation (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).
- (b) Stock Incentive Plan (filed as an exhibit to Nobility's registration statement on Form S-8, registration no. 333-44769 and incorporated herein by reference).
- (c) Revolving Credit Agreement dated April 18, 2001 with SunTrust Bank, a Georgia state-chartered bank (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 3, 2001 and incorporated herein by reference).
- (d) Agreement dated September 7, 2001 between Nobility and Terry E. Trexler relating to use of life insurance proceeds (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 3, 2001 and incorporated herein by reference).
- 14. Nobility's Code of Ethics (filed as exhibit to Nobility's Form 10-K for the fiscal year ended November 5, 2005 and incorporated herein by reference).
- 21. Subsidiaries of Nobility.
- 23.1 Consent of McGladrey & Pullen, LLP
- 23.2 Consent of Tedder, James, Worden & Associates, P.A.
- 31. (a) Written Statement of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- (b) Written Statement of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- 32. (a) Written Statement of Chief Executive Officer pursuant to 18 U.S.C. §1350.
- (b) Written Statement of Chief Financial Officer pursuant to 18 U.S.C. §1350.

* Management Remuneration Plan.

Exhibit 21
Subsidiaries of Registrant

Prestige Home Centers, Inc.
Mountain Financial, Inc. (a subsidiary of Prestige Home Centers, Inc.)
Majestic Homes, Inc.

Florida
Florida
Florida

Consent of Independent Registered Certified Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement No. 333-44769 on Form S-8 of Nobility Homes, Inc., of our report dated January 30, 2008 relating to our audit of the consolidated financial statements, which appear in this Annual Report on Form 10-K of Nobility Homes, Inc. for the year ended November 3, 2007.

/s/ MCGLADREY & PULLEN, LLP
Orlando, Florida
January 30, 2008

Consent of Independent Registered Certified Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement No. 333-44769 on Form S-8 of our report, dated December 20, 2006, appearing in this Annual Report on Form 10-K of Nobility Homes, Inc., for the year ended November 4, 2007.

/s/ TEDDER, JAMES, WORDEN & ASSOCIATES, P.A.
Orlando, Florida
January 30, 2008

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, Terry E. Trexler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Nobility Homes, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: January 30, 2008

By: /s/ Terry E. Trexler

Terry E. Trexler, Chairman,
President and Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Thomas W. Trexler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Nobility Homes, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: January 30, 2008

By: /s/ Thomas W. Trexler

Thomas W. Trexler, Executive Vice President,
and Chief Financial Officer

**Written Statement of the Chief Executive Officer
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chairman and Chief Executive Officer of Nobility Homes, Inc. (the "Company"), hereby certify that:

1. The Annual Report on Form 10-K of the Company for the year ended November 3, 2007 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: January 30, 2008

By: /s/ Terry E. Trexler

Terry E. Trexler, Chairman,
President and Chief Executive Officer

**Written Statement of the Chief Financial Officer
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Executive Vice President and Chief Financial Officer of Nobility Homes, Inc. (the "Company"), hereby certify that:

1. The Annual Report on Form 10-K of the Company for the year ended November 3, 2007 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: January 30, 2008

By: /s/ Thomas W. Trexler

Thomas W. Trexler, Executive Vice President,
and Chief Financial Officer

Directors

TERRY E. TREXLER

Chairman of the Board and
President of Nobility.

THOMAS W. TREXLER

Executive Vice President and
Chief Financial Officer of Nobility;
President of Prestige Home
Centers, Inc.; President of
Mountain Financial, Inc.

▲■◆RICHARD C. BARBERIE

Vice President of
Purchasing of Nobility
(Retired).

▲■◆ROBERT P. HOLLIDAY

President of Chariot Eagle,
Inc. and President of
Chariot Eagle-West, Inc.

▲■◆ROBERT P. SALTSMAN

Attorney and CPA in private
practice.

- ▲ Audit Committee
■ Salary Review Committee
◆ Nominating Committee

Officers

TERRY E. TREXLER

President

JEAN ETHREDGE

Secretary

THOMAS W. TREXLER

Executive Vice-President and
Chief Financial Officer

LYNN J. CRAMER, JR.

Treasurer

General Shareholders' Information

Transfer Agent and Registrar

Registrar and Transfer Company
Cranford, New Jersey

General Counsel

Weiner & Argo
Ocala, Florida

Independent Auditors

McGladrey & Pullen, LLP
Orlando, Florida

Stock Exchange Listing

NASDAQ Global Market
Symbol: NOBH

Special Counsel

Foley & Lardner LLP
Jacksonville, Florida

PLEASE TAKE NOTICE

that the annual meeting of the
shareholders of NOBILITY
HOMES, INC. (the "Company")
will be held on Friday, the 29th
day of February, 2008, at 10:00
A.M. local time, at the Ocala
Hilton, 3600 S.W. 36th Avenue
(I-75 and SR200), Ocala, Florida.
All shareholders are cordially
invited to attend the meeting.

General Information

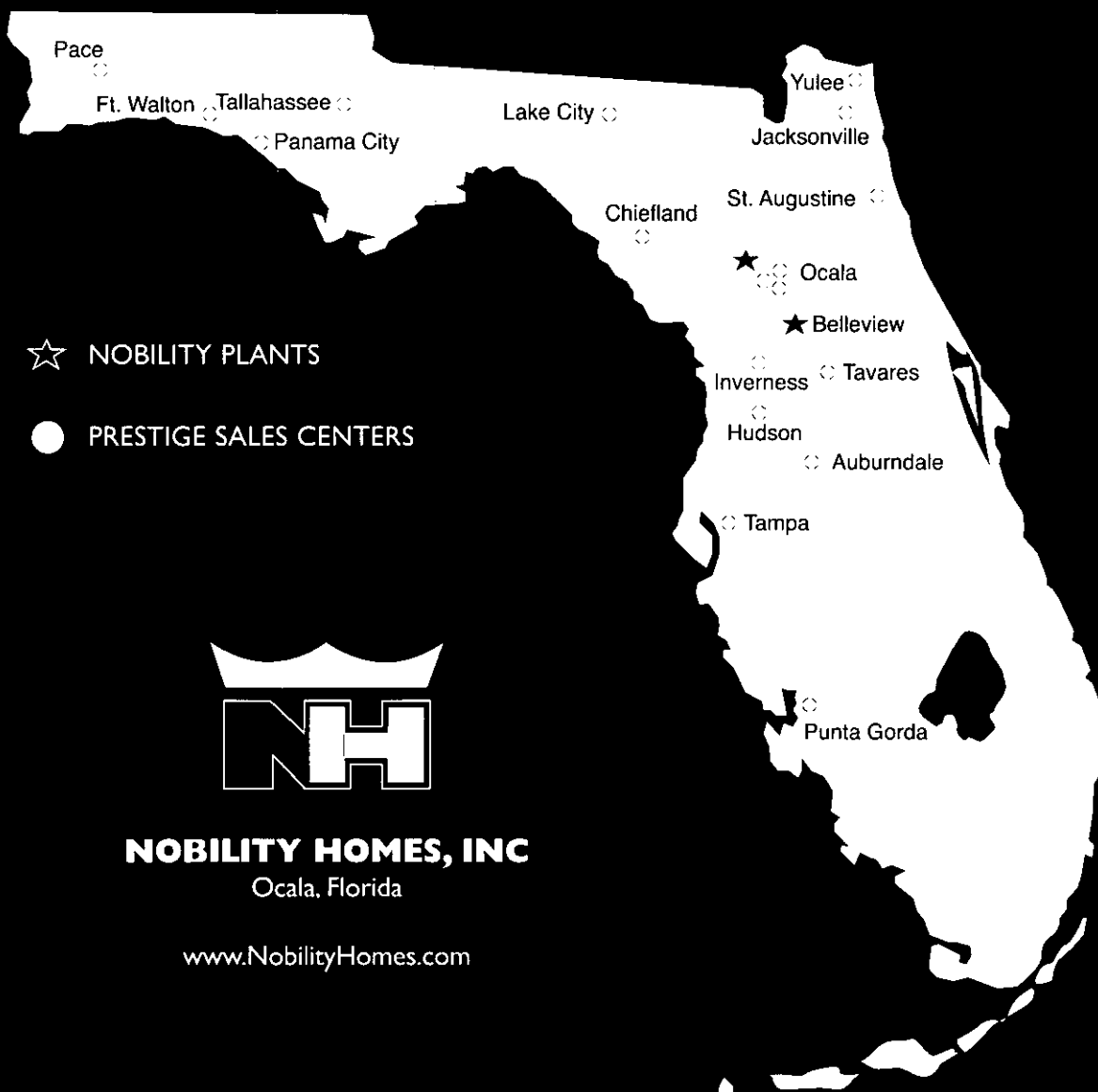
Executive Offices

3741 S.W. 7th Street
P.O. Box 1659
Ocala, Florida 34478
Phone (352)732-5157
Fax (352)732-3711
www.nobilityhomes.com

Manufacturing Locations

Ocala Plant
3741 S.W. 7th Street
P.O. Box 1838
Ocala, Florida 34478
Phone (352)732-6110

Bellevue Plant
6432 S.E. 115th Lane
P.O. Box 779
Bellevue, Florida 34421
Phone (352)245-5126



☆ NOBILITY PLANTS

● PRESTIGE SALES CENTERS



NOBILITY HOMES, INC

Ocala, Florida

www.NobilityHomes.com

END